MEMOIR

ON

THE AFFAIRS

OF THE

EAST-INDIA COMPANY.

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HENRY MORSE STEPHENS

1830.

A SELECT COMMITTEE has been appointed by each of the Houses of Parliament, "to enquire into the "present State of the Affairs of the *East-India Company*, and into the Trade between Great-Britain, "the East-Indies, and China, and to report their "Observations thereon to the House."

It is matter more for regret than of surprise, that so little should be generally known regarding the *East-India Company*, and the character in which they stand with relation to the vast interests committed (under certain restrictions) to their management and control.

The means of acquiring information are more ample, and more readily to be obtained than upon almost any other public question, whether such information be sought for in the records of Parliament, in those of the Company which have been from time to time printed for and laid before the Proprietors of East-India Stock, or in the standard histories of the day.

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When the mercantile interests of the country are suffering through the alleged want of wider fields for commercial enterprize, the abolition of the Company's remaining exclusive privileges of trade is declared to be the panacea.

When the case of an individual seeking redress at the hands of the Court of Directors for some alleged grievance inflicted by the Governments abroad has been rejected, and an appeal made, either to Parliament or to the Public, the occasion is seized upon to condemn the system under which the government of India is carried on, and to denounce it as pregnant with the most serious evils.

In the absence of either of these causes for public discussion, little is comparatively heard of the East-India Company. The Proprietors receive their dividend, the State its revenue, and the best proof of the adaptation of the parts to the whole is, that the vast machine works quietly, but effectually, the purpose for which it has been framed and established.

It must not, however, be supposed, that the existing India system is the production of a day, or (as has been stated by an authority entitled to much respect) that "our Indian legislation has advanced by springs and jerks," and that in each renewal of the charter "consideration and enquiry were out of the question." The system has grown out of the trade commenced by the Company at the close of the sixteenth century, and prosecuted amidst the most extraordinary difficulties and political vicissitudes, to the present day, comprizing an unbroken period of two hundred and thirty years, during which the British empire in India has been established.

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The laws under which the system is administered have been passed from time to time, as circumstances have called for their enactment. Whenever evils have been found to exist, remedies have been applied; and it cannot fail to be remembered, that the most important parliamentary measure, a measure which may be considered as the foundation of the present system, was brought forward, and ultimately passed into a law, not more for the purpose of securing the rights and interests of the Company, than for the preservation of the constitution of this country.*

It is proposed, in the present paper, to notice the leading facts connected with the Home Administration of the East-India Company, and the *financial results* of the system. This paper is divided into two parts.

Part I. Treats of the *Home Administration*, embracing the commercial and political privileges, with the territorial possessions which have been conferred upon the Company, from time to time, since its union in 1708.

Part II. Contains *Facts* and *Observations*, explanatory of the accounts laid before Parliament respecting the *East-India* and *China Trade*, and of the *Financial Affairs of the East-India Company*.

It may probably be said, with reference to the first part, that a more limited retrospect would have sufficed. Had that been the case, much time and labour would have been saved; but then it would have been impossible to have arrived at the ground-work of the present system, or to have given that connected view which is essential to a correct understanding of it.

* The Act of 24 Geo. III. cap. 25.

The government of the British territories in India is confided to the East-India Company and to the Board of Commissioners for the Affairs of India, subject to the control of Parliament.

The affairs abroad are administered by the Supreme Government of *Fort William in Bengal*, and by the two subordinate governments of *Fort St. George* and *Bombay*, under orders and instructions received from the authorities in England.

The East-India Company,

The Supreme Government in Bengal,

The Board of Commissioners for the Affairs of India,

The Supreme Courts of Judicature, and

The Governments of Fort St. George and Bombay,

were established by distinct legislative enactments, which will be noticed as the events which gave rise to them occurred.

The East-India Company, under the title of the "London Company," was incorporated by charter granted by Queen Elizabeth on the 30th December 1600. In 1693, that Company having failed in the payment of a duty of five per cent. on their capital stock, imposed by the 4th and 5th of William and Mary, doubts arose whether, in strictness of law, the charters which had been granted them were not rendered void. A new one, however, was granted, on condition that it should be determinable on three years' notice.

In 1698 the necessities of the state led to a loan from the Public of £2,000,000 at eight per cent., and the subscribers were incorporated by charter into a society, called the "English Company," with the exclusive right of trade to all countries and places beyond the Cape of Good Hope to the Straits of Magellan.

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The Act reserved a power to determine the exclusive trade September 1711, on three years' notice and repayment of the loan.

In 1708 the London and English Companies were united, since which their title has been "THE UNITED COMPANY OF MERCHANTS OF ENGLAND TRADING TO THE EAST-INDIES."

The East-India Company consists of the Proprietors of the capital stock, who, when assembled under the charter of King William, which is the basis of their present privileges, are designated "A General Court."

All Proprietors of £500 stock, whether possessing such stock in their own right or otherwise, or having held it only for an hour, were entitled to vote, and to take part in the discussions and proceedings in the General Court. They likewise elected twenty-four proprietors annually, each possessing £2,000 stock, to be Directors of the Company. These provisions were subsequently altered by the Acts passed in 1767, and the Regulating Act of 1773.

A Court of Directors, the designation prescribed by the charter, must consist of not less than thirteen members. They form the executive body, and carry on the concerns of the Company, their duties being partly of a political, and partly of a commercial character.

The personal interests of the Proprietors consist in the security of their capital stock, of the quick and dead stock at home and abroad, and of those immunities which they have from time to time acquired, as a corporate body, in England and in India.

India. These several interests are confided to the care and protection of the Court of Directors, who, as the executive body, must be considered responsible to the Proprietors for their preservation.

PART I.

HOME ADMINISTRATION.

This review is divided into five separate periods, each of which comprizes events that designate it as a distinct epoch in the affairs of the Company.

FIRST PERIOD,

From the Union of the two Companies in 1708 to the Year 1744;—During which the Acts were passed conferring upon the Company the exclusive trade until 1780, and declaring also their right to a perpetuity in the trade, notwithstanding the exclusive privileges might be done away;—the Acts to suppress clandestine trade;—and the rejection by Parliament of a petition from sundry merchants to advance £3,200,000, to redeem the debt due to the Company, on condition of being incorporated and vested, in lieu of the Company, with the whole trade to India.

The first extension of the period for which the United Company were to enjoy the exclusive privileges of trade took place in 1708. It was for fifteen years, *viz.* until 1723, in consideration of which the Company advanced to the public £1,200,000, by way of loan, without interest, the same being added to the two millions lent at eight per cent., under the 9th and 10th William III, making a total of £3,200,000 due to the Company.

In May 1712 the Company presented a petition to Parliament, representing that they had acquired several forts and settlements, and privileges in India, which were absolutely necessary for the carrying on their trade, and were a great security to the British interests in that quarter, and cost the Company very great sums of

of money: that in order to compete with the Dutch and to secure the interests of the Company, the period then remaining, *viz.* eleven years, was too short to incur a further outlay, and they therefore prayed for an additional term.

The Act of the 10th Anne, cap. 28, was accordingly passed; and in order "that the United Company might be the better en-"couraged to proceed in their trade, and to make such lasting "settlements for the support and maintenance thereof for the "benefit of the British nation," the exclusive trade was continued to them until three years' notice after the 25th March 1733.

The Company, at this early period of their union, had to contend with a clandestine trade which had been carried on by British merchants under foreign colours. In order to check its continuance, the Court of Directors presented two petitions to His Majesty, King George the First, at Kensington, in December 1718, when His Majesty was pleased to give the following answer: "You may depend upon the continuance of my protection wher-"ever it may be necessary."

An Act was accordingly passed, prohibiting, under severe penalties, the prosecution of such clandestine trade.

In the year 1729 various attacks were made upon the Company. On the 26th February a petition was presented to the House of Commons by several merchants and traders of Great Britain, offering to advance £3,200,000, to redeem the fund and trade of the East-India Company, at five several payments, on or before the 25th March 1733, at an interest of four per cent. from the times of payment until the 25th March 1735, and two per cent. afterwards; provided the lenders might be incorporated and vested

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with the whole trade to the East-Indies and elsewhere, in the same extensive degree as was granted to the East-India Company, yet so as not to trade with their joint stock in a corporate capacity, but the trade to be open to all His Majesty's subjects, upon license from such proposed new company to be granted to all His Majesty's subjects desiring the same, on proper terms and conditions; and provided the trade be exercised to and from the port of London only, and be subject to redemption at any time, upon three years' notice, after thirty-one years and the repayment of the principal.

The petition was rejected by 223 to 138.

The Ministers at that time were convinced that the trade could be most beneficially carried on through the Company, the opposition to the Company was therefore ineffectual: but the business was again brought forward, the time intervening between the rejection of the first petition and the presentation of a second, being employed in the publication of anonymous letters, essays, periodical papers, and pamphlets against exclusive companies in general; and all the arguments which had been ever advanced against monopolies were retailed on the occasion, and then, as now, all the benefits which were supposed to result from a free trade magnified with great art and ability. On the 9th April 1730, a petition from the merchants, traders, and others, against confining the East-India trade to the East-India Company only, and for obliging the Company to grant licenses on proper terms and conditions, was offered to be presented to the House; and on the question for its being brought, the same was negatived by 177 to 77. The same course was followed, but without

a division, on petitions to the same purport from Bristol and Liverpool.

In the month of March the following propositions, which had been made in the Committee of Ways and Means, relating to the funds and trade of the Company, were received by the Directors.

"The United East-India Company to abate out of their present fund of "£150,000 per annum, £32,000 per annum: the abatement to commence "from Michaelmas, 1730.

"The further sum of £200,000 to be paid by the Company for the use of "the Public without any interest or addition to their capital, to be paid on "or before Christmas next 1730.

"The Company to enjoy the remaining part of their funds of £128,000 "per annum till Lady Day 1736, subject then to redemption upon one "year's notice, in any sum not less than £500,000 at any time.

"The Company to accept a term of thirty years after 1736, with three "years' notice, for the whole and sole right of the trade to the East-Indies, "subject afterwards to the power of redemption.

"The Corporation to *continue for ever*, notwithstanding the redemption "of their fund and exclusive trade."

It may here be important to observe, with reference to the last proposition, that although the Directors were unanimously of opinion, that by the Act of the 10th Anne the Company had a right of perpetuity to the trade, notwithstanding the fund should be redeemed, opinions were divided, both in and out of Parliament, concerning this material point; and as it was conceived that the putting it to a trial might be attended with great hazard and inconvenience, the Directors submitted that it would be more

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for the Company's interest and benefit to accept of the proposals before the Court.

The Act of the 3d Geo. II., cap. 14, was accordingly passed, by which the Company gave to the Public the sum of £200,000, and reduced the interest on the £3,200,000 due from the Public from five to four per cent. *viz.* £128,000, per annum, instead of £160,000 per annum. The Company, notwithstanding the redemption by the Public of the said debt of £3,200,000, was declared to be a body Politic and Corporate in deed and in name, by the title of "the United Company of Merchants of England trading to the East-Indies," and by that name should have perpetual succession and a common seal.

In January 1744 it was intimated to the Court of Directors, that if the Company would advance and lend to His Majesty, for the service of the Government, the sum of one million at three per cent., it might be the means of procuring the prolongation of the Company's term in the exclusive trade to the year 1780, their present term expiring at Lady Day 1766; the Company to be empowered to borrow the said million on their bonds. The proposition was agreed to: the three years' notice to be given from 1780.

The 17th George II. cap. 17, was accordingly passed.

It was at the same time declared, that the Company were to have the benefit of all Charters and Acts which had been made in their favour.

This measure secured to the Company the exclusive trade for the prospective term of thirty-six years from 1744. The several periods for which, and the terms upon which such exclusive trade has been extended, will be seen by the following summary.

SUMMARY.

Year.	Reign.		Granted for Years.	Terms.
1698	9 and 10 William III.	The Charter granted from the 29th of September 1701, to 29th September 1711.	10 years, and 3 years' notice.	On lending £2,000,000, at eight per cent.
1707	6 Anne	Ditto extended from 29th September 1711 to the 25th March 1726.	14½ years, and 3 years' notice.	On lending £1,200,000, at five per cent. and agreeing to receive only five per cent. on the two millions.
1712	10 Anne	Ditto extended from the 25th March 1726 to the 25th March 1733.	7 years, and 3 years' notice.	No further terms.
1729	3 Geo. II.	Ditto extended from the 25th March 1733 to the 25th March 1766.	33 years, and 3 years' notice.	And a right granted to continue a Corporate Body for ever, giving £200,000, by the 24th December 1730, and agreeing to receive from the 29th September 1730, only £128,000, or four per cent. on the £3,200,000.
1744	17 Geo. II.	Ditto extended from the 25th March 1766 to 25th March 1780.	14 years, and 3 years' notice.	On lending £1,000,000, by the 29th September 1744, at three per cent., the £3,200,000 to continue at four per cent.
		From 29th September 1701 to the 25th March 1780.	78½	Total Loan to Government, £4,200,000.*

* In 1749 the Company consented to a reduction in the interest on the £4,200,000 from four to three per cent., on condition that they were empowered to raise money towards the discharge of their bond debt by the sale of three per cent. annuities to the amount of the debt due from the public to the Company. The sum of £2,992,440. 5*s*. was raised, the dividends on which were paid at the East-India House, Government allowing the Company £1,687 per annum for charges of management: these, together with £1,207,559. 15*s*., being the residue of the debt of £4,200,000 from the Public form the East-India Annuities, which, by the Act of the 33d Geo. III. cap. 47, were placed under the management of the Bank, and engrafted on the Three per Cent. Reduced Annuities.

SECOND PERIOD,

From 1745 to 1765: comprises the commencement of hostilities with an European power in India;—the loss and subsequent restoration by treaty of Fort St. George;—the events in Bengal which led to the loss of Calcutta; its recapture;—the Act for punishing mutiny and desertion of officers and soldiers of the Company's service;—the issue of letters-patent by His Majesty George the Second, granting booty and plunder to the Company;—and of further letters-patent, authorising the Company to hold and enjoy such lands and fortresses, subject to the sovereignty of His Majesty in and over the same, and subject, nevertheless, to His Majesty's disposition and pleasure, as to such lands as might be acquired from the subjects of any European power.

It will be perceived that the events within the abovementioned period related principally to the affairs of the Company abroad.

France having joined Spain in the war against Great Britain, the effects were soon felt in India. The French succeeded in reducing Madras, by which a loss of £180,000 was entailed upon the Company. This settlement was restored to the Company in 1749 by the treaty of Aix-la-Chapelle. These events were followed by the inhuman incarceration of one hundred and forty-six Europeans in the Black Hole at Calcutta; the loss of Fort William; its recapture by the King's and Company's forces under Admiral Watson and Colonel Clive, together with the restoration of the Company's factories in Bengal; the deposition of Sujeh Dowlah, and the elevation of Meer Jaffier to the musnud, succeeded by the victories of Colonel Clive, which led to the extension of the Company's possessions; the deposition of Meer Jaffier and succession of Cossim Ali Khan, and the re-elevation of Meer Jaffier.

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The hostile proceedings of M. Dupleix on the Coast of Coromandel, whose views went to the annihilation of the Company's authority in that quarter of India, and the acquisition of the Dewannee obtained by Lord Clive in Bengal, were the prominent occurrences.

The limits of this paper will not admit of any lengthened review of the principles by which the Court of Directors (then the only Home authority) were governed, in the instructions which at that early period they sent to India. The materials for such purpose are abundant, the matter most interesting, and the whole tenour of the Court's despatches calculated to remove the generally received, but nevertheless erroneous opinion, that the Directors were comparatively indifferent to the events in progress, and that they withheld the exercise of that control which was essential to good government, and to the proper conduct of their servants abroad.

The following extracts will be sufficient to shew the general character of the Court's proceedings.

In 1744, the Committee of Shipping, who at that time superintended the measures connected with the repair of fortifications, were instructed to frame regulations for that purpose, and the Court informed the government in Bengal that "they grudged "no expense necessary for the just defence of the Company's "settlements." An engineer officer who had been employed in the fortifications in Flanders, was sent by the Directors with the rank of Major.

The Court of Directors, in their petitions to the Lords Justices of the 18th July 1750, 19th August 1752, and in their letters to the

the Earl of Holdernesse of the 10th January and 14th September 1753, had represented the Company's situation with regard to the French on the Coromandel coast, at those several periods.

In 1754, the Court stated, that notwithstanding all their endeavours at home, and those of their servants abroad, they found by the several advices which they had from time to time laid before Administration, that the French were daily growing in power: that at a meeting at Sadras, the French commissaries insisted that M. Dupleix should be Governor of the whole country from Cape Comorin to the River Kishna, to which adding the Rajahmundry and Chicacole countries, lately granted to him, the whole coast would be his to very near Point Palmiras, an extent of near fourteen degrees; and that should M. Dupleix succeed in that object, the Company's settlements and trade upon the Coast of Coromandel must be in the power of the French, and the British authorities entirely subject to their pleasure.

The Court pointed out, that since the commencement of those troubles, they had from time to time sent very large supplies of men and military stores, and intended to send a further force, and to exert themselves to the utmost of their power as far as a trading company could do; but they thought it a duty they owed to the Public and to the Company, to lay before Administration the circumstances and situation they were placed in abroad, not doubting but that Ministers would represent the same to His Majesty in such a manner, that proper and effectual measures might be taken to secure to this nation "so great and valuable a "branch of their trade as that to the East-Indies."

On the 3d August 1757, the Court of Directors, in addressing the

the authorities at Calcutta in anticipation of its restoration, wrote :

" Pacific measures must, if possible, be the foundation you are to build on
" as the best means of promoting the commercial interest of the Company,
" and avoiding the heavy expenses which a state of war must necessarily
" produce, and which the Company at this juncture are so little able to
" bear."

In March 1758, after a general review of the investment, shipping, &c., the Court laid down instructions as to the conduct of servants, the collection of revenues and customs, and the extent of the military establishment.

The junior servants were ordered to be sent from Calcutta, where they acquired habits of idleness and extravagance, to the *aurungs*, where they might learn the languages and gain a knowledge of the various qualities of goods, &c. To encourage the cultivation of raw-silk, the Court sent out a Mr. Wilder, who was well qualified to introduce and promote improvement in the manufacture of that article.

The Court complained in strong terms of the profuse and extravagant grant of allowances called *batta* to the troops at Madras, and apprehended that some such allowance had been introduced into Bengal, where living was so much cheaper, and ordered that it should never be allowed but when in the field.

On the subject of protections under which Europeans resided in India, the Court wrote :

" Protections were originally intended to secure our property, and meant
" by us to be granted as such to our contractors, brokers, and others, useful
" persons connected with our affairs, and to none else ; but for many years

" they

" they have been given indiscriminately: too often, we fear, to serve pri-
" vate purposes. To remedy this great evil in future, we order that
" every merchant craving our protection shall present a petition to the
" Government and Council, setting forth his motives or pretensions to such
" favour. If his request be granted, the reasons are to be assigned on your
" Consultations. He is then to be registered by the Secretary; and a list
" of those who have our protection, with a proper description, to be trans-
" mitted us annually."

The injunctions of the Court, at the same time, as to the necessity of economy in all branches of the Company's affairs abroad, shew the sound principles which governed their instructions:

" There never surely was a time when the situation of the Company's
" affairs, or that of their servants of all ranks, as well as of those who are
" resident in India under the Company's protection, so loudly called for a
" general reformation, if that regard (which we really look upon to be due)
" is to be paid to the truth of your representation of the distressed situa-
" tion of our once flourishing settlement of Fort William. No attempts
" should be neglected for restoring it to something like its former lustre,
" and the necessity must now enforce what prudence would always have
" suggested to those who attend her dictates. Should the economy we
" recommend our servants of all ranks be as general as their situation re-
" quires, it must banish that false shame which is too often the attendant
" of those weak minds, whose ill-judged desires in an inferior situation, in
" regard to rank or fortune, put them upon following the examples of their
" superiors, either in their vicious or luxurious indulgences. We will only
" add, that we doubt not that our servants, who are disposed to reflect,
" will be very sensible that we are not acting upon arbitrary or parsimonious
" principles, but on such which have equally for their object the true and

"lasting interest of the Company, and that of every individual servant "acting under them."

On the appointment by orders from home of servants to particular stations in India, the Court wrote on the 11th April 1758:

"As these nominations, in your present critical situation, may put you "under difficulties, and we may possibly confine our servants to one place "when they may be more properly employed for our service, we, relying "upon your integrity and experience, do revoke all our former nominations "to chiefships and the posts at the Presidency, and commit the whole to "your direction."

This was the foundation of the subsequent enactments.

In May following, the Court pointed out the great difficulties they experienced in obtaining recruits; and in order to secure efficient instruments to superintend and repair the fortifications at Calcutta, the Court, through the Duke of Marlborough, then Master General of the Ordnance, obtained three officers from the Royal Regiment of Artillery to fortify the Settlements in the event of future attacks: upon which point the Court gave explicit directions, and also ordered a Committee to be appointed at Calcutta, whose duty it should be to inspect, once in every three months, the several articles of military store.

On the subject of the China trade, the Court observed:

"That it had been gradually improving, and had consequently become "one of the principal objects of the Company's attention; and although "the ships destined for that service were very considerable, yet more "might be employed;" adding, "that the Company had determined that "the supra-cargoes should remain in China the year round."

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With respect to Europeans holding lands the Court wrote to Bengal, on the 23d March 1759, in the following terms, *viz.*

" You did very right in forbidding Europeans holding the farms of any " lands, towns, or villages without the Company's boundaries; nor do we " much approve of it within our own jurisdiction. However, as it sometimes " may possibly prove of public advantage to have monied men, not in our " service, to be competitors, we do not lay you under restrictions as to such " persons; but we absolutely and positively forbid our Covenant Servants " holding any lands, towns, or villages, directly or indirectly, either within " or without our jurisdiction, or to be interested in any contracts with the " Company, for such shall assuredly forfeit our service."

The pressure upon the home treasury by bills on account of loans and advances to the navy, was such as to call for severe observations from the Court.

" If you had studied to ruin our credit, worse measures could not have " been adopted. We can seldom be in a condition to answer large drafts " at a short date. Formerly, indeed, we might; but our fortifications, " large garrisons, and other military expenses, have absorbed and continue " to swallow immense sums. The Nabob of Arcot's debt, another heavy " load, and the detention of our ships (during war unavoidable), distress " us without measure; for we now furnish annually the cargoes of twenty " ships or more, with very little aid from returns of the previous year. " But when we add to all this, what is really fact, that the total amount of " the invoices of all the cargoes from Bengal and Bombay of the late " ships falls very short of the amount of the bills drawn upon us by the " ships on which such cargoes are laden, it cannot but inevitably increase " our distress."

In April 1760, in adverting again to the great pressure upon the financial means of the Company, and the subserviency of

their

their commercial concerns to the supply of men and stores, in order to support and maintain their acquisitions in India, the Court wrote:

"We ourselves look back with wonder at the difficulties we have sur-
"mounted, and which, with our contracted capital, must have been im-
"possible, if the Proprietors generously, and without a murmur, had not
"consented to reduce their dividend twenty per cent. But with all our
"economy and care, unless our servants attend studiously to lessen their
"charges and increase our advantages, the burthen will be too great for us
"to bear much longer."

The additional charge which had been entailed upon the Company for war extraordinaries during hostilities with France exceeded a million sterling.

In April 1760, the first consignment of copper, to the extent of one hundred tons, was sent out, together with some samples of Cornish tin; and the President and Council were earnestly recommended to make a particular enquiry how those articles would answer for the Bengal market, as the Court stated they were always extremely desirous of increasing the vend of the products of Great Britain, and accordingly expected the Council to encourage, to the utmost, their export. The same wishes were expressed as to broad-cloth.

In alluding to the measurement of the newly acquired lands, the Court observed:

"Sensible and judicious is your conduct in pursuing lenitive measures
"and easing the tenants of real oppressions and burthensome taxes. By
"adopting these salutary maxims, our acquisitions, and Calcutta also, will

"in

" in time be filled with numerous and useful subjects, attached to our
" government from interest and affection."

" Great care must be taken that the farmers do not injure or oppress the
" inhabitants. The people should be assembled in every pergunnah, the
" terms and conditions published, and they publicly told where they are to
" apply for redress of all grievances; and by kind and humane govern-
" ment numbers may be encouraged to fix their residence in these terri-
" tories, and in time all our waste lands may be occupied and greatly im-
" proved."

With regard to the revenue from salt, the Court wrote:

" Establish this branch in a manner that may appear to you equitable,
" always remembering, that if any part of our revenues tends to distress
" the poor, it is our intention that they should be abolished. At
" Bombay the imports, with all kinds of grain, are encouraged, and only
" three per cent. customs charged; but if grain is exported, six per cent.
" is levied. We recommend this practice to your consideration, as a certain
" method to secure plenty to the poor of Calcutta; for it is such a lucra-
" tive trade, subject to so few obstacles, that the exports are often beyond
" reason, creating such distresses that the inhabitants of no well-governed
" colony ought now to feel."

The Court again, adverting to the trade with China, wrote:

" As the China trade is our principal source for valuable returns, it is of
" the utmost importance to feed it with as plentiful remittances as circum-
" stances will admit of: we therefore recommend it to you in the strongest
" manner, to take every opportunity to send to Fort St. George what trea-
" sure you can possibly spare, from time to time, that it may be consigned
" thence to our agents at Canton."

On vacancies happening in Council, the next person standing

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upon the list of Civil Servants, if qualified, was to succeed. The Military Commanding Officer was to have a seat in Council, whenever military affairs were discussed.

On the treaty with France, the Court, in December 1762, wrote

" You will observe that the tenth article, which relates to the East-
" Indies, is improperly and loosely worded. We have made the necessary
" applications to His Majesty's Secretary of State to have it settled in the
" definitive treaty, in a manner agreeable to our sentiments; and as the
" Duke of Bedford, His Majesty's Plenipotentiary at the court of France,
" has instructions thereupon accordingly, we are in hopes of suc-
" ceeding."

Under this treaty, all the French factories were restored; but it was stipulated, that they should not erect any fortifications or maintain any soldiers in such settlements.

The Court remarked:

" We are sorry to observe, that many informations relative to the Com-
" pany's affairs have been sent to His Majesty's Ministers and other great
" men from our servants belonging to your and our other Presidencies, some
" of which, particularly of the late transactions with the Dutch in Bengal,
" have much embarrassed us. We will not say that such communications
" are made with a view to lessen the authority of the Court of Directors,
" but they certainly have a great tendency that way: you are, therefore,
" to use all means possible for putting a stop to this practice: and as the
" Court of Directors is the only channel through which Government re-
" ceives all information concerning the Company's affairs, if private infor-
" mation therefore are sent from any of our servants or others under our
" protection, we shall deem such persons unworthy of the Company's ser-
" vice, and they shall be certainly dismissed, whatever their rank or station
" may be."

In December 1763 the Court wrote:

"Although General Caillaud, as Commander-in-chief, is to have a seat "at the Council Board or Committee next below the Governor, it is not "meant that he is to succeed to the *Government* at any of the Company's "Presidencies, on any account or pretence whatever, as upon any vacancy "in the Government, the same is to be filled up by, and confined to "one of our Civil Servants, according to the custom of the Company, "which is to be the next in standing below General Caillaud, unless we "have given or shall give any orders to the contrary."

This principle has guided the several enactments which have been subsequently framed on the point.

"No schemes for military operations are to be adopted, unless they are "evidently and most materially necessary for the Company's interest. "Conquests are not our aim; and if we can secure and preserve our "present possessions in Bengal, we shall rest satisfied.

"For the same reasons, we are well pleased that you have engaged no "further in assisting the Rajah of Meekly for obtaining redress for some "grievances he complained to have suffered from the Burmahs; for "although the advantages offered by the Rajah may be specious, and you "might have an opportunity of getting redress for the repeated ill-treat-"ment of our settlement at the Negrais, yet the distance of the object, the "general weakness of our forces, and the uncertainty of success, surely are "sufficient reasons for not proceeding upon new hostilities. We do not "disapprove, however, of your ordering the detachment of Company's "sepoys to take post at Moneypoor, under the direction of the chief and "council of Chittagong, provided it may have been the means of culti-"vating a friendship with the said Rajah, and giving you an opportunity "of being acquainted with the strength, nature, and dispositions of the "Burmahs, that such future use may be made of these circumstances as

"may

"may be really and essentially necessary for the Company's interest, and
"on no other account whatsoever; but we shall still be always well pleased
"with, and applaud your endeavours for opening any new channels of
"commerce."

It would appear that the Court at this period fully appreciated the character of the Burmese, and that their orders have proved somewhat prophetic.

On the 27th April 1763, the Court acknowledged the advices received on the 15th, announcing the surrender of Manilla, the island of Luconia, with the rest of the Philippine islands dependent thereon.

The expedition originated in a report sent home to Lords Anson and Egremont by Colonel Draper of His Majesty's service, who had gone from Madras to Canton for his health. He there acquired full information on the state of Manilla, and it was deemed of sufficient importance by Ministers to inflict a blow on the interests of Spain by reducing her settlements in the China seas. The British nation being at that moment at war with France and Spain, could neither supply ships or troops; but the Company's means were to be made available, and they were to have one-third of the booty, and the government of the acquisitions. The expedition left Madras the 2d August 1762, and arrived before Manilla the 24th September, which place was taken by storm on the 7th October. These circumstances have been noticed, because it will be found that the Company preferred a claim for reimbursement to a considerable amount on account of the expedition.

The foregoing extracts from a vast mass of interesting documents afford sufficient proof that the Court of Directors exercised

vigilant

a vigilant and judicious control over the Company's affairs and their servants abroad.

With regard to measures at home, on the 8th February 1754, Mr. Fox and Mr. Hume were ordered to bring in a bill for punishing mutiny and desertion of officers and soldiers in the Company's service.

It is important to mark the sentiments expressed by the Solicitor General Murray (afterwards Lord Mansfield) in reply to a speech of the Earl of Egremont in opposition to the measure.

" I do not rise to follow the Noble Lord through the whole of his long
" argument; for, in my opinion, the most of what he has said was quite
" foreign to the present question, which is plainly and in short this,—are
" the East-India Company to have troops in any of their forts or settle-
" ments in that country, or no? and I could not observe that the Noble
" Lord said one word against this question. Indeed it is so evident that if
" the Company must have forts, they must have garrisons to defend those
" forts, that it is impossible for the wit of man to invent an argument
" against it. The Company must have troops in that country, and if they
" must have troops they must have martial law: without such a law, there
" never was an army kept up or sent out in any part of the world. It is
" true their troops have lately behaved very gallantly: considering what
" sort of troops they are, they have really done wonders. But we know
" that many of their common men have lately deserted, and we know that
" they have a near neighbour, who will not only receive but encourage
" every deserter from them in particular. When we know that they are so
" powerfully attacked, can we refuse giving them all the assistance we can,
" either by laws or otherwise? For this reason I think we cannot enough
" applaud His Majesty's assisting them with some of his troops. The
" sending of such troops thither, can no way alter the course of transactions

"in that country, for though they are His Majesty's troops, they will, in "every thing there, act in the name of the Company, and consequently "cannot involve the Crown in any of the Company's disputes with the "Princes or Nabobs upon that coast. It might as well be said, that the "sending our men-of-war there would involve the Crown in those disputes: "yet we know it never has, nor indeed ever can, because all transactions "with the Great Mogul or any other potentate in the East, are carried on "in the name of the Company and not in that of the Crown: and as to "the King's troops having any dispute with the Company's troops, we have "experience for supposing that no such thing can happen; because in the "late war a much larger number of the King's troops were sent thither, "without producing any such accident."

The question, upon a division, was carried in the affirmative, by 245 to 50.

The Act of the 9th George II., founded upon this bill, was the only law that existed, under which the Company held courts-martial for the punishment of mutiny and desertion, until the Consolidating Act of 1823 (4th Geo. IV., cap. 81).

In November 1755, the Court of Directors felt it necessary to recommend to the Proprietors a reduction of dividend on their capital stock from eight to six per cent.:—In consequence of the number of foreign nations engaged in the trade to India, and the extensiveness of the trade, having greatly enhanced the prices of all East-India commodities imported to Europe:—The additional duty of five per cent. laid upon dry goods by the Act of the 21st George II., whereby the cost of those commodities, and particularly of the tea, was advanced to the Company without finding any benefit on the sale, or any drawback on the export of the last-

men-

mentioned article:—The reduction in the interest payable by the Government to the Company, the same having been reduced at Christmas 1750 to three and a half per cent., and from Christmas next reduced to three per cent.:—The troubles among the Indian Governments, which had been promoted by the French under the name of auxiliaries, and which made it therefore unavoidable for the Company, for the support of their trade and settlements, to take part with their allies. These events had put them to a very great and unusual expense, naval and military, more than could be maintained by a trading company: and although His Majesty had been graciously pleased to assist the Company with his ships and forces, yet even that assistance was attended with a considerable charge to the Company; and although from the late prosperous arrival of the Company's ships with valuable cargoes, and advantageous disposal of them at the Company's sales, the Court of Directors flattered themselves that a reduction of one per cent. might have been sufficient, yet upon considering the circumstances before-mentioned, and from the decrease of the trading stock of the Company for the preceding two years, occasioned by their great expenses abroad, and which the Court considered must continue till a final accommodation could be effected between this and the French East-India Company, and which expenses must be necessarily augmented in case of war with that nation, the Court of Directors were clearly and unanimously of opinion that the dividend ought to be no more than after the rate of six per cent. per annum, until the affairs of the Company were in a more favourable situation.

The General Court concurred in the reduction of the dividend.

 In

In the course of the operations in Bengal, considerable booty and plunder had been made by Admiral Watson and by the Company's troops. It had been arranged by the Admiral, that all booty which might be taken in that expedition should be deposited until his Majesty's pleasure should be known.

Applications were accordingly presented by the Company to the King in August 1757, praying that His Majesty might be pleased to grant to the Company a moiety of the booty taken in Bengal.

The matter being referred to the Law Officers of the Crown, they reported * that the Act only related to captures made in the then existing war with France, and had no concern whatever with the disputes in India, and that the case was to be judged of by general rules of law and the King's prerogative; and consequently,

First, That all such places as were retaken, returned to the old dominion; and therefore, that the town and settlement of Calcutta, within the former territorial limits, must be restored to the East-India Company.

Secondly, That all such places, &c. as might be newly conquered in that expedition, accrued to the Sovereign, and was vested in His Majesty by right of conquest.

Thirdly, That with respect to moveable goods retaken, the property of all such was altered by the capture, and totally lost to the original owners after a possession by the enemy for a limited period; and consequently, every thing within that description belonged to His Majesty, in whose name, and under whose protection, and by the aid of whose fleet, the same was regained.

Fourthly, That by a stronger reason, all moveables and plunder of

* Signed "GEO. HAY;"
"C. PRATT," afterwards Lord Camden, Attorney-General;
"C. YORKE," Solicitor-General.

of any kind first taken and acquired from the enemy by land or sea, were vested in His Majesty, subject to his power of disposing by virtue of his prerogative; and that, upon those grounds, His Majesty, if he should think fit in his royal wisdom, might comply with the Company's request.

In pursuance of this opinion, His Majesty was pleased to issue letters-patent, dated the 19th September 1757, granting the reserved authority to the Company.

The Company, on the restoration of their authority at Calcutta, soon acquired from the Nabob and from the French some districts of land, which were very convenient for the prosecution of their trade: but being advised that it was doubtful whether such land and districts did not belong to the King, the Court of Directors, on the 30th November, presented to His Majesty a petition, in consequence of which letters-patent were issued on the 14th January 1758, by which the Company might hold and enjoy to them and their successors, subject to His Majesty's right of sovereignty in and over the same, all such fortresses, districts, and territories, within the limits of their trade, as they had acquired, or might thereafter acquire from any nation, state, or people, by treaty, grant, or conquest; with power to restore, give up, and dispose of the same, as they should from time to time see occasion; subject nevertheless to His Majesty's disposition and pleasure, as to such lands as might be acquired by conquest from the subjects of any European power.

On the 12th March 1764, a Special General Court was held at the requisition of nine proprietors (the first name affixed to the requisition being that of Lord Clive), to consider the state

of

of affairs in Bengal After various despatches had been read, it was resolved, "that it is the desire of this General Court that "Lord Clive be requested to take upon him the station of "President of Bengal, and the command of the Company's mili-"tary forces there."

It has been erroneously stated, that his Lordship was appointed by the Court of Directors, and that eleven members of the Court out of the twenty-four voted against the measure; whereas the fact is, that the appointment was made by the General Court alone. It was to the independent powers with which it was proposed to invest his Lordship that the eleven members dissented.

At the same Court a proposition was made for restraining persons from voting who should not have held their stock at least six months. The consideration was deferred to the 21st March, when it was resolved that a petition be presented to Parliament for that purpose.

In June 1764, the Court, adverting to the intelligence announcing the reinstatement of Jaffier Ali Cawn, wrote:

"In former letters we have given our sentiments on the frequent revo-"lutions in the government of Bengal, and we still are of the same opinion, "that they must be productive of the greatest mischief and prejudice to "the Company's affairs, and therefore are at all times tobe avoided. This "last, therefore, by the reinstatement of Jaffier Ali Khan in the Subah-"ship, will require your utmost care and attention to make it permanent "and prevent any future disturbances in the country; in order to which, "we repeat what we have directed in our letter of the 9th May. Jaffier "Ali is to be effectually supported in his government, consistently with "the treaties between the Company and the said Subah and the interest to "the Company, of which you will be the best judge. It is proper to

"observe

" observe, in this place, that we are well satisfied with our present posses-
" sions, and are by no means desirous of adding to them: their security,
" therefore, the preserving the country in a state of tranquillity, and the
" promotion of our commercial interests, are the objects which must be
" constantly in your view; and it is our positive order that no military
" enterprizes or expeditions be undertaken or carried into execution, unless
" the Company's interest really or immediately requires them.

" In several of our letters since we have been engaged as principals in
" the politics of India, and particularly during the last two or three years,
" we have given it as our opinion, that the most prudent system we could
" pursue, and the most likely to be attended with a permanent security to
" our possessions, would be to incline to those few chiefs of Indostan who
" yet preserve an independence of the Mahratta power, and are in a con-
" dition to struggle with them; for so long as they are able to keep up that
" struggle, the acquisitions of the Company will run the less risk of dis-
" turbance.

" The Rohillas, the Jauts, the Nabob of the Deccan, the Nabob of
" Oude, and the Mysore Chief, have each in their turn kept the Mahrattas
" in action, and we wish them still to be able to do it: it is, therefore,
" with great concern we see the war continuing with Hyder Naigue, and a
" probability of a rupture with Sujah Dowlah and Nizam Ali. In such
" wars we have every thing to lose and nothing to gain; for supposing
" our operations be attended with the utmost success, and our enemies
" reduced to our mercy, we can only wish to see them restored to the
" condition from which they set out; that is, to such a degree of force and
" independence as may enable them still to keep up the contest with the
" Mahrattas and with each other. It would give us, therefore, the greatest
" satisfaction, to hear that matters are accommodated, both at Bengal and
" on the coast: and in case such a happy event shall have taken place,
" you will do your utmost to preserve tranquillity.

" We

" We shall not attempt to give positive directions for your conduct, " which in such critical cases ought seldom to be done, and in which the " situation of affairs may be varied by unforseen events at the very moment " we are writing: but having given you, with as much precision as possible, " a general view of the system by which we wish to see our affairs regu- " lated, we must leave to you to improve to the utmost of your power every " opportunity of drawing towards that point; and whenever you think " yourselves obliged for our security, upon emergent occasions, to adopt " measures of a contrary tendency, you are to give us very full reasons for " such a deviation, and endeavour to return to the path we have marked " out, as soon as circumstances will admit.

THIRD PERIOD.

The third period, which is now entered upon, commences with the year 1766 *and ends in* 1793. *It is that in which Parliament began to legislate generally upon the affairs of the East-India Company, and comprises the Acts limiting the dividend, regulating the qualification of Proprietors, and vesting in the possession of the Company for a given time the territorial acquisitions and revenues;—The appointment of three gentlemen as Supervisors who were lost on the passage to India;—the rejection of a bill proposed by the Directors for better regulating the Company's affairs;—the nomination of two Parliamentary Committees, one Secret and the other a Select Committee, to inquire into the affairs of the Company; and the recommendation by the former that a bill should be brought in to restrain the Company from sending out other Supervisors;—the Regulating Act;—the Acts for making a temporary arrangement between the Public and the Company;—the rejection of Mr. Fox's India bill;—and the Act of* 1784, *establishing the Board of Commissioners, and vesting in the Company the territory and exclusive trade till* 1793.

The Court of Directors, shortly after the receipt of the intelligence

gence announcing the acquisition of the Dewanny in 1766, waited by appointment on the Duke of Grafton, and met many of His Majesty's Ministers, when it was intimated that the affairs of the Company would, in all probability, come before Parliament in the ensuing session.

At the Quarterly General Court in September, the Court of Directors, who had anticipated that a motion would be made for an increase of dividend, laid before the Proprietors the following Minute, which they had recorded:—

"The Court of Directors have examined into the present situation of "the Company's affairs, in order to form a judgment whether such a "measure is at this time proper to be adopted; and they have, accordingly, "in addition to their general state of the Company's affairs, as drawn out "in the month of June last, agreeably to the twenty-ninth By-law, caused "an estimate to be made of the money that may probably be received into "your Treasury, and the payments that, in justice, ought to be issued "thence, from this time to Midsummer next; by which it appears that "the Company are not at present in circumstances to declare any increase "of dividend on their stock: and although the revenues, particularly at "Bengal, are very large, they have not yet, in any great degree, centred "in England, so as to enable the Directors to discharge such debts and "incumbrances as have been unavoidably incurred, through a long series "of difficulties which the Company has been struggling with, and are "absolutely necessary for their credit and interest to clear off. Your "Court of Directors, therefore, upon the whole, offer it as their unanimous "opinion, that it will not be for the interest of the Company, nor prudent, "at present to declare any increase of dividend. At the same time, your "Court of Directors take this opportunity of assuring the General Court, "that whenever the circumstances of the Company will admit of an

 "increased

"increased dividend, they will be ready to propose and promote such a "measure."

Notwithstanding this opinion was offered to be supported by accounts which the Court of Directors had caused to be prepared, the Proprietors declined to enter into a consideration of them; but resolved that the half-yearly dividend should be five per cent., being an increase of four per cent. per annum.

Parliament met on the 11th November 1766.

On the 25th of that month a motion was made in the House of Commons, and the question being put, "That a Committee be "appointed to enquire into the state and condition of the East-"India Company, together with the conduct of all or any persons "concerned in the direction or administration of the said Com-"pany."—An amendment was proposed to be made to the question, by leaving out all the words from the words "East-India "Company;" and the said amendment was, upon the question put, thereupon agreed to by the House.

Then the question being put, "That a Committee be appointed "to enquire into the state and condition of the East-India Com-"pany;" the House divided:—yeas 129: noes 76.

Negociations were commenced with Ministers for the settlement of the territorial acquisitions, and carried on from time to time until the 10th April 1767, when ten propositions were submitted to them: one of which having for its object the extension of the exclusive trade for thirty-seven years from 1780; and another, the setting apart an annual sum of £400,000 out of its profits, to be disposed of in dividends to the Proprietors, or in such other way as they may see fit.

His

His Majesty's Ministers declined to agree to these stipulations; and the Court of Proprietors, notwithstanding the declared indisposition of His Majesty's Ministers to admit of any increase in the rate of dividends, resolved on the 6th May, that the dividend should be increased to twelve and a half per cent. per annum.

This measure, contrary both to the opinion of Government and the Court of Directors, occasioned a rupture in the negociation, and led to a petition from the Company to the House of Commons.

In the course of the discussion which followed that petition, questions of much moment arose; amongst others, the right of the Company to their territorial acquisitions. It was argued, that they had no right by their charters to any conquest;—that such possessions in the hands of a trading corporation were improper and dangerous; and even if it were legally and politically right that they should hold these territories, yet the vast expenditure of Government in protecting the Company, gave it a fair and equitable right to the revenues arising from the conquests. Those who maintained the rights of the Company denied that the Crown had made any reservation of such acquisitions:—that it was a dangerous infringement on property and public faith to question them, as the Company had purchased its charters from the Public, and those charters were confirmed by Parliament:—that if the Crown had any right to the possessions of the Company in India, the courts were open for the trial of the claim:—that the House of Commons was not, by constitution, the interpreter of the laws or the decider of legal rights:—that it would be of the most fatal consequence to the liberties of Great Britain if ever they should

assume it:—that as to the equitable right pretended from the expenses incurred by Government, the Company stood as fair in that light as the Crown, they having expended much greater sums in acquiring the disputed territories and revenues. The point was frequently debated, but the House appeared disinclined to the determination of a question teeming with such important consequences.

The Acts of Parliament consequent upon the foregoing discussions were those of the 7th George III., cap. 48, 49, 56, and 57.

Cap. 48 regulated the qualifications of Proprietors: a measure which had long been called for, from the most unfair and mischievous practice which had been introduced, of splitting large sums of stock, for the purpose of multiplying or making occasional votes immediately before the declaring of a dividend, choosing a Director, or deciding any important question. The Act required that each Proprietor shall have held his stock six months before voting.

This measure, as has been already noticed, was first proposed on the occasion of Lord Clive's appointment by the General Court as President and Commander-in-chief in India in 1764; but the attempt to carry it forward failed in the House of Commons.

Cap. 49 declared that it would become peculiarly necessary to secure, at all events, as well the permanent interests of the Company, as the state of credit, both private and public, from the mischiefs which would ensue from an improper and improvident increase of dividends; and therefore enacted, that after the 24th June 1767, no dividend should be made but in pursuance of a vote carried by ballot in General Court, and seven days' notice at least of such meeting was to be fixed upon the Royal Exchange. No

ballot

ballot was to commence in less than eight hours after it was determined that any question should be put by the ballot, nor later than twelve o'clock at noon, or to close earlier than six o'clock in the afternoon. No dividend beyond ten per cent. was to be declared between the 8th May 1767 and the beginning of the next Session of Parliament.

Cap. 56 related to the exportation of tea to Ireland and America.

The last-mentioned Act was solicited by the Company under the following circumstances. On the Company's acquiring the revenues of Bengal, it became necessary, in order to realize those revenues in Great Britain, to encrease their investments in India. This could not be effected to a sufficient extent in the manufactures of Bengal, because their consumption in this country was greatly circumscribed by the use and encouragement given to our own manufactures of cotton and linen, and by the prohibition of the wear of all foreign printed, painted, and stained goods.

The Company, therefore, naturally turned their thoughts to the article of tea, their importations of which were encreased, and by means of their revenues remitted to China; and in order to promote a proportionate legal consumption, they procured an Act taking off the duty of one shilling per pound on all black and singlo teas for five years, *viz.* till July 1772, undertaking to indemnify the revenue for any deficiency on a calculation of the average for the five years preceding, in hopes that the other duties of customs and excise, on the extraordinary quantity they might sell, would be more than sufficient for that purpose.

This experimental law failed of the intended object: the consumption was not encreased and the revenue fell off.

Cap.

Cap 57 established the agreement with the Company, who were to pay £400,000 for the term of two years into the Exchequer; for which term the territorial acquisitions and revenues lately obtained were to be and remain in the possession of the Company or their successors.

In February 1768 a bill was introduced, which renewed for another year the restrictions as to the declaration of a dividend beyond ten per cent. The Court of Directors concurred in the expediency of such restriction, but the Proprietors ineffectually opposed it by a petition to Parliament.

In the month of August following the negotiations commenced for a further agreement with the Public as to the territorial acquisitions, and were carried on until the 9th February 1769; on which day the Chairman and Deputy Chairman waited on the Lords of the Treasury, when their Lordships signified that it would be proper to petition the House of Commons, that a new agreement might be entered into between the Public and the Company, respecting the acquisition and revenues lately obtained in the East-Indies.

The Company petitioned accordingly, and the Act of the 9th George III. cap. 24, was passed,

"Continuing the agreement for the term of five years, the Company "paying to the Public the annual sum of £400,000, and engaging to "export during that term British goods equal in value, on an average, "to those exported annually for the preceding five years.* If any surplus "cash

* Amounting to £380,837 in each year. This was the first enactment which made it imperative upon the Company to export any given value of British goods.

" cash of the Company remained after payment of certain specified " debts, it was to be lent to the Public at two per cent."

The principal events in India during the beforementioned period were the acquisition of the Northern Circars, the treaty with the Soubah of the Deccan, and the first war with Hyder.

In the month of June 1769, the Court, in order to establish peace at the Company's several settlements in India on a permanent and advantageous footing, and to correct abuses of every kind, resolved to send out a Superintending Commission.

The determination to send out the Commissioners was notified to India in the following terms, in a despatch of the 30th June :

" Upon a general view of the Company's affairs in India, the alliances we " are engaged in with the country powers, the frequent change of these " alliances, and the succession of wars in which we are thereby involved, " we find it absolutely necessary to take some effectual measures to regulate " the political system of the three Presidencies upon one uniform plan : the " first object of which will be, a general pacification of the troubles in " India upon a solid basis; or if, unhappily, circumstances should be such " that some military operations must be continued, we shall make it easier " to bring the forces of the Presidencies to co-operate, and reduce our " enemies the sooner to submit to reasonable terms.

" The vast increase of charges in every department is another object " requiring extraordinary powers of reformation, and the establishment of " a better mode of collecting the revenue (duannee); no less so, not only as " it immediately effects the Company's interest, but as being essential to the " ease and happiness of the people, the security of their property, and the " consequent encouragement of cultivation and manufactures.

" The directions we have hitherto given upon these important points " have produced, in return, many arguments but few effects : and as, by

" this

" this mode of proceeding, we may never be able to establish the necessary " regulations, we have resolved to appoint Commissioners to proceed to " India, to carry our orders into execution without loss of time.

" That you may be acquainted in general with the nature of the com- " mission, you are to understand that the Government of all the Settle- " ments is left in its usual course and channel; but the Commissioners have " a superintending and controlling power over the whole, in like manner as " if we, the Court of Directors, were ourselves present on the spot, and " they are to proceed from Presidency to Presidency to make the desired " orders and regulations.

" The union of interests between the nation and the Company by the " participation of revenues, under the present agreement with the Govern- " ment, having made us in some measure responsible to the Public for our " conduct, it became necessary that His Majesty should be informed of " our intention of appointing this extraordinary Commission; and we have " had the satisfaction of receiving the royal approbation, with a strong " recommendation to pursue every measure for the reform of abuses, and " the due management of the important interests which we have in charge " in the several parts of India."

A lengthened correspondence took place between Lord Weymouth and the Court, as to the powers which the Commander-in-Chief of His Majesty's ships in India was to possess. The several points being arranged, the Commissioners sailed in His Majesty's Ship Aurora on the 15th September, and were never afterwards heard of.

The reasons which led to the appointment of the Commission sufficiently evinced the necessity for the adoption of decided measures, to enforce obedience in the servants abroad to orders from home. Nothing took place until the opening of Parliament in January

1772,

1772, when the King's speech referred directly to the affairs of India.—On the 30th March Mr. Sullivan, the Chairman of the Court of Directors, moved, and after a debate, in which Lord Clive took part, obtained leave to bring in a bill for regulating the affairs of the Company and their servants in India, and for the due administration of justice in Bengal.

The bill was read the first time on the 13th April, when Colonel Burgoyne moved for the appointment of a Select Committee of thirty-one members, for instituting an inquiry

"Into the nature, state, and condition of the East-India Company, and "of the British affairs in India."

In the course of his speech he stated, that he felt the present motion called for, in consequence of leave having been given for bringing in a bill to apply a remedy, without any information of the disease.—He said:

"By the first part of the motion I mean to give powers to a Committee to "enquire into the constitution of the Company; into the purposes for which "it was framed, and the powers with which it was invested. I would "then proceed to the management of those powers and purposes; see "where there have been deviations, where abuses, where the evils have "unavoidably risen from the latent errors in the constitution, where they "have flowed from the casual misconduct of servants; and the inquiry "will be thus naturally brought, by the last part of the motion, to a view "of the present disorders, civil, military, moral, and political. To sift "and examine these several materials, many of them excellent in them-"selves, and dangerous only by being confounded, will be the only "means to enable the controlling and creative power of Legislature to new-"model and arrange them, and to give them, for the future, permanent "regulation and direction to their proper ends.

 "I shall

" I shall perhaps, be told, that the object and end of my inquiry is to throw " the whole affairs of the Company into the hands of the Crown, from which " the death-blow to the constitution is most to be apprehended.—I have no " such purpose.—If Legislature has not powers and wisdom so to model " and regulate the sovereignty of the state in India, or so to delegate its " powers as to prevent the influence of the Crown in England, let it never " be attempted. I will join issue with the gentleman who, upon a former " occasion, asserted that India and Great Britain had better be swallowed " up in the sea, than liberty be endangered by any exercise of undue weight " given to the Crown, that might make it preponderate over the other " branches of the state."

Mr. Burke observed:

" Their authority I would not have diminished in India by any severe ani-" madversions. Let the people of Bengal be not taught to despise them, by " finding their authority limited and circumscribed. It is enough that we " provide for the good government of that country for the future—when " they have so widely extended our empire and commerce, when they have " so greatly augmented our naval power."

The bill was dropped after the second reading.

In August 1772, the Court resolved to send out a second Superintending Commission.

On the 14th October 1772, the Chairman acquainted the Court, that in a conversation he lately had with the Earl of Rochfort, one of His Majesty's principal Secretaries of State, his Lordship desired to be informed whether the Company intended to send a Commission of Supervision to the East-Indies, and if so, whether the Commander-in-chief of His Majesty's ships was to have a seat and voice in the Council of the Commission.

On the 21st the Court resolved,

" That

"That it would not be equitable or advantageous to depart, if it could "possibly be avoided, from the neutrality which had hitherto been main- "tained during the war between Hyder Ali and the Mahrattas (and which "the Company were most anxious to preserve throughout Hindostan), so "long as Hyder Ali should continue to observe the conditions of the "treaties entered into with them; and that no positive orders could at that "time be given to the Governor and Council of Fort St, George on that "most important subject on the part of the Company, further than to "recommend a perseverance in forbearing to join either Hyder Ali or the "Mahrattas (unless it should appear to the said Governor and Council "absolutely necessary for the Company's interest to take part with either "of them), until the Commission, with extraordinary powers for the regu- "lation of the Company's affairs in the East-Indies, then in preparation, "should be completed: and that, thereupon, the persons who should be "appointed to execute that Commission be instructed to examine into and "investigate the rights, pretensions, and interests of the contesting powers, "and on the most impartial consideration thereof to act as should appear "to them most becoming the honour and advantage of the nation and of "the Company; and that the Chairman and Deputy Chairman be desired "to represent the same to Lord Rochfort accordingly."

The draft of the Special Commission was approved on the 19th November.

A negotiation had commenced with Government relative to the Company's affairs. The debts due by them to the Public, under the agreement entered into in the ninth year of George the Third, had increased to £1,200,000. This the Company proposed to meet by setting off their claims on Government.

Lord North objected to the proposal, and in November called

upon

upon the Company to state whether they had any propositions to make, to enable them to discharge their debts, and to entitle the Proprietors to any dividend at the ensuing Christmas and Midsummer, upon which sundry accounts as to the state of their affairs were transmitted to his Lordship.

The Minister, disappointed in the receipt of the £400,000, which he had calculated upon as a sure part of the revenue of the state, notwithstanding the repeated declaration to the Duke of Grafton and himself during the negotiation, that such sum exceeded the Company's means, was indisposed towards the Company. The King's speech, at the opening of the session on the 26th November, called upon Parliament to inform itself of the true state of the Company's affairs, and to make such provision for the common benefit and security of all the interests concerned as might be found best adapted to the exigencies of the case.

Lord North accordingly moved for the appointment of a Secret Committee, and thirteen members were chosen.

On the 7th December the Secret Committee made its first report to the House: it related to the intended appointment of Commissioners. It was followed by a bill to restrain the Company, for a limited time, from sending them out.

The Company were heard by Counsel on the 18th against the bill, after which Mr. Dempster, a member of the House and also a Director, in reply to a speech from Lord George Germaine, observed:

"As far as I know or am capable of judging, the Direction have, ever "since I had the honour to be an unworthy member, acted with propriety.

"Orders

"Orders, as positive and binding as the authority lodged in the Directors "will admit, have been sent to India, to make various regulations and "savings. In short, nothing that could be done for the salvation of the "Company has been omitted. The Directors, sensible that the efforts of "gentlemen on the spot were necessary, meant to send out Supervisors. "Why then are the Directors held forth as culprits? Why is the Company "now treated as criminal? Is it that they have embezzled and squandered "away the territorial revenue? Sir, the Company has not divided more "than what the profits of their encreased trade has yielded, and the terri-"torial revenue has not enriched it a single sixpence. That fund has been "exhausted by Government, by the Company's servants, and by a Noble "Lord, who, not to say a word of his friends, has reaped more of that "harvest than the Company.

"Having thus, in some measure, justified the Company and the Direc-"tion, let me ask, in my turn, what the Noble Lord has done in his own "department? Is he not a member of the Select Committee: and is it "not incumbent upon him, as a member, to mention any enormous act "of tyranny, peculation, or cruelty, that appear in the course of the "enquiries of that Committee?

"I do not pretend to be very well informed; yet, Sir, I did attend that "Committee two or three days, out of mere curiosity, and I likewise "perused some parts of the report made by them and left on your table; "and, from what I read and what I have been told, I have reason to think "that the enquiry furnishes proper grounds for an impeachment. Why "then, Sir, did not the Noble Lord step forth and adopt a measure which "was beyond the reach of the Direction? Accusation, Sir, is a serious "matter, especially when exalted criminals, sheltered behind the Throne "and protected by the plunder of whole kingdoms, are to be attacked. "When delinquents fly into the arms of Majesty for refuge and find a "gracious reception, it is not for the East-India Company to drag them

"from

"from the lion's den: they may be torn to pieces in the attempt. No "power, inferior to a Committee of this House, is equal to the task."

The second Report from the Secret Committee, relating to the financial state of the Company, had been presented on the 17th December; by which it was made apparent to the House that the Company's embarrassments arose from bills drawn on them beyond the authorized amount, to the extent of £1,063,067, for the year 1771, of which advices had only been received in August of that year. They had already paid to Government for indemnity in tea £281,000, and owed £200,000 more on that account: they had also paid to the buyers of tea £210,000, and they had sold thirty-one millions of pounds for less profit than they had previously disposed of twenty-one millions. That, in accordance with the agreement with Government, they had paid £1,800,000; and that £200,000 were drawn on that account in September, and a similar sum would become due on the 25th December. That the nett duties to Government for the five years had been £1,109,065. The Proprietors had received £918,296, more than six per cent. on their stock to Midsummer last, and that the whole sum received by them since the agreement with Government was £1,972,342, and that the nett profit of the Company's trade preceding the acquisition of the Dewannee, was more than sufficient to divide twelve per cent.

In this Report the item of *dead stock* was adverted to. The Committee remarked:

"They are far from thinking that the same ought not to be considered "as of great use and value to the Company in carrying on their commerce "and protecting their several settlements."

Reference

Reference is made to this circumstance, as the repeated instructions of the Court will have shewn the serious and heavy charge which was thrown on the home finances by the erection of their fortifications and buildings in India.

The bill restraining the appointment of the Commissioners passed the House of Lords. Several peers recorded protests against the measure.

The two sums adverted to under the description of indemnity to the revenue on account of tea duties, and sums due to the tea buyers, arose out of the provisions of the Act of the 7th George III. cap. 56, already noticed.*

In pursuance of that Act the Company enlarged their sales. The prices declined in proportion; and the *ad valorem* duties of customs and excise keeping pace with those prices, did not amount to more money on the encreased quantity sold, than they would have amounted to on a less quantity sold at higher prices.

The buyers, on the other hand, looking forward, insisted upon being indemnified by the Company for the one shilling per pound on all teas bought at their sales that might remain uncleared after the expiration of that Act. This the Company complied with until their sales in March 1772, when they refused to grant such indemnification any longer.

It had been fully ascertained by the experiment made at the expense of the East-India Company, that a reduction of the inland duties could not, by an increase of the consumption, indemnify the revenue, and therefore it might be hazardous to attempt any new modification of those duties.

* Vide page 37.

Meanwhile

Meanwhile, from the gradual accumulation of teas on hand, beyond the ordinary consumption, there seemed to be an indispensable necessity of looking out for other markets to take off the extraordinary quantity. At the same time, the situation of the Company's affairs called for an immediate attention to the only natural means of relief from the growing want of cash: a want which, in place of being diminished, would even be increased by the arrival of the ships from China expected in the course of the two ensuing years, whose freights alone amounting to about £400,000 the Company must pay, while their cargoes would remain a dead weight upon their hands.

It was suggested that immediate advantage would result to the Company from a temporary law allowing the exportation of tea to the foreign markets of Europe; and that such advantage would not be alone confined to the preservation of their credit in trade, but would extend to the probability of profit, arising from the difference of prices in teas at the last sales, compared with those of Sweden, Holland, and France.

It was accordingly resolved to make application for an Act of Parliament to enable the Company to export to foreign dominions, with an allowance of the drawback of all the duties of customs, a part of their surplus quantity of tea, and also for taking off the three-pence per pound duty in America.

On the 14th January, 1773, the Court of Directors having taken into consideration the state of the Company's affairs, and the demands that were and would become due, and to provide for such others as might be incurred, and adverting to the resolution of the General Court of the 7th, it was resolved, that the Chairman and

Deputy

Deputy Chairman be desired to apply to Administration for the loan of £1,500,000, to be repaid in four years.

The negociations which followed the communication of this resolution to Lord North, and which were carried on until the 2d March, led to sundry propositions being submitted to Parliament.

On the 9th March Lord North moved:

"That the sum of £1,400,000 will be sufficient for the present relief of "the Company:

"That it may be expedient for the Public to advance the Company the "said sum of £1,400,000, provided, at the same time, due care be taken "to secure by proper regulations the future good government of the Com- "pany's affairs."

Which, after a considerable debate, was carried.

On the 5th April Lord North called the attention of the House to the territorial acquisitions; and after moving:

"That it would be for the mutual benefit of the Public and the East-India "Company, that the territorial acquisitions and revenues lately obtained in "India should, under proper restrictions and regulations, remain in the "possession of the Company for six years:

"That during the said term the Public should forego all participation in "the produce thereof, until the Company should have repaid such sum of "money as should be advanced by the Public for their relief:"

And submitting a proposition for the disposal of the surplus nett profits: observed,

"The point to which I shall confine myself at present is the territorial "possessions: and I think it necessary, in this part of the affair, to drop "all examination or declaration of the right which the Crown has to these "possessions, since, from the motion which I have read, there is no want "of such examination, as the territories are left under certain conditions

" entirely in the Company. I think they ought to be left for ever in the " Company. I am fully and clearly of that opinion; if not from right, at " least from policy. But this depends upon their conduct. If they in " future govern them no better than they have hitherto done, my opinion " will be very different. Nay, I shall then think it advisable, notwith- " standing the term mentioned in the motion, to reject their having the " possession, at the end of two, three, or four years. But it may be said, " why six years? The reason of this period being named, is on account of " the charter* expiring in 1780; and as this agreement with the Company " is to commence in February 1774, both will expire together."

Alluding to their pecuniary difficulties his Lordship observed, with reference to the general distress which then prevailed:

" No man could, more than myself, regret the period of receiving " £400,000 a year from the Company, It was an object of great import- " ance, and such a one as enabled us, and would have yet more enabled " us, to ease the Public by lessening the national debt."

The resolution was agreed to without a division.

The Company's petition against the limitation of the dividend was presented to the House on the 3d May, when Lord North proposed the outline of the intended Regulating Act, and leave was given to bring in a bill for that purpose.

On the 10th May, General Burgoyne brought up a further report from the Select Committee, and after commenting upon the exactions made by several persons in India, proposed the following resolutions; and said that, if they met with the approbation of the House, he should move, that persons who had acquired sums of money by presents or otherwise in India, if they had acquired such sums by virtue of their acting in a public capacity, should be forced to make restitution.

"1st.

* Exclusive privilege of trade.

" 1st. That all acquisitions made under the influence of military force, " or by treaty with foreign princes, do of right belong to the state.

" 2d. That to appropriate acquisitions so made to the private emolument " of persons entrusted with any civil or military power of the state is " illegal; and

" 3d. That very great sums of money and other property of value have " been acquired in Bengal, from princes and others in that country, by " persons entrusted with the civil and military powers of the state; which " sums of money, and other valuable property, have been appropriated to " the private use of such persons."

These resolutions were agreed to.

They have been viewed as setting at rest the right of the state to the territorial acquisitions. Leaving the merits of the question to be decided hereafter, when the period shall arrive (if ever) for a settlement of the respective claims of the Crown and the Company, it may be observed, that these resolutions appear to have been moved with the view of making the offence one against the state, in order that the accused party, if found guilty, should be punishable for a misdemeanor or otherwise, which he would not have been under the then existing law as regarded offences against the East-India Company. Moreover a marked distinction was made by the resolutions, between acquisitions obtained under a free grant and by cession, and those made under military force or by treaty.

The opinion that such was the main intent of the resolutions, is considerably strengthened by what passed on the 17th June, when Lord North brought in the Loan Bill, varied in its provisions and as it ultimately passed; and also by the speech of

Mr. Fox, when he first brought forward his India Bill in November 1783. Lord North stated:

" The claim of the Public to a participation in the territorial revenues " was intended to be given up for the present; and that when certain " reductions were effected, the whole of the territorial revenues and com- " mercial profits should remain with the Company, and be applied, in the " manner most conducive to their interests, to those of the Public and the " security of their creditors."

Sir Richard Sutton

" Approved of the bill as intended to be altered. His opposition to it " before arose from the implied decision of the right to the territorial acqui- " sitions; and that invincible objection being removed, he supported the " bill."

Petitions against the bill had been presented on the 28th May from the City of London and from the Company.

Protests were recorded by fourteen Peers on the passing of the bill.

These proceedings terminated in the following Acts, *viz.*

13th George III. cap. 44, to allow a drawback of the duties of customs on the exportation of tea to any of His Majesty's colonies or plantations in America; to increase the deposit on bohea tea to be sold at the India Company's sales; and to empower the Commissioners of the Treasury to grant licenses to the East-India Company to export tea duty free.

13th George III., cap. 63, commonly called the Regulating Act, under which the Directors were to be chosen for four years, instead of being elected annually as before.

Under this act no person employed in the East-Indies can be chosen a Director until he shall have been resident in England two years.

No Proprietor to vote at any election of Directors in respect of stock amounting

amounting to less than £1,000, nor until he shall have been possessed thereof twelve calendar months.

An oath was prescribed for every Proprietor to take before admitted to vote.

A Governor-General and four Councillors were appointed, in whom the whole civil and military government of Bengal, Bahar, and Orissa, was vested.

The other Presidencies were made subordinate to the Supreme Government, who are to obey the Directors and to transmit to them intelligence of all occurrences.

The Directors, within fourteen days, were to transmit copies of what related to the revenues, to the Treasury, and of what related to the Government, to one of His Majesty's Secretaries of State.

His Majesty might, by letters-patent or charter, establish a *Supreme Court of Judicature at Fort William.*

No person holding a civil or military office under the Crown or the Company in the East-Indies, allowed to receive from any native prince or his minister any donation or gratuity.

No person to take on loan of monies above the rate of twelve per cent. per annum for interest.

The Directors not to compound or discharge sentences of any court of justice, nor restore persons dismissed without consent of three parts in four of the Directors, and the like majority of Proprietors in a General Court.

The Governor General and Council may make such regulations as may appear just, provided they be not repugnant to the laws of the realm.

13th George III. cap. 64, for granting to His Majesty a sum of money to be raised by Exchequer Bills, to be advanced and applied for the relief of the East-India Company.

On the 30th January 1779, Lord North addressed a note to the Chairs, stating that the circumstances which induced the Public,

by

by the Act of the 13th George III., to agree to forego for a time all participation in the profits arising from the territorial acquisition and revenues in the East-Indies having ceased, and the purposes of that Act being completed, it was become necessary to bring that matter before the consideration of Parliament; and that, as there were several provisions in other Acts respecting the Company that were near expiring, and further regulations appearing to be expedient, his Lordship desired to know whether the Directors were prepared to state any proposition upon any of those subjects, so important to the Public and the Company.

On the 4th May a paper was received from his Lordship, proposing that the provisions of the Act of the 13th George III. should be continued until 1780: the Company to lend to the Public £1,500,000 at four per cent.

The Company to be allowed to borrow that sum on their bonds, and to be allowed a dividend of eight per cent. on their capital of £3,200,000.

Difficulties having arisen in the course of the negociation on the terms proposed by Lord North, and the same being stated to his Lordship by the Chairs on the 6th May, his Lordship replied: "Well, then, I find I cannot have the money of the Company, I "must get a short act passed without it."

The 19th George III. cap. 61, was accordingly passed, which recited that the Company had paid off the debt of £1,400,000 lent them in 1773: that the territorial acquisitions were to continue till the 5th April 1780: that the Governor General and Councillors were to remain in office during the continuance of the Act; and if vacancies occurred, the same were to be supplied by the Directors.

The

The rights of the Crown and of the Company were not to be affected.

In January 1780 the negociation for a further agreement between the Public and the Company was commenced, and ended in the territorial acquisitions and revenues being continued until the 5th April 1781. By this Act, accounts of the profits and loss upon the trade were to be transmitted half-yearly to the Lords of the Treasury, and the Company were to be indemnified in the cost of building three ships of the line for the public service.

In March 1780, the House of Commons resolved that notice be given, that the capital stock, debt, or sum of £4,200,000, and arrears of annuity payable in respect thereof, due from the Public to the Company, would be redeemed and paid off on the 10th April 1783, agreeably to the power of redemption in the Act. It was then

" Ordered, That Mr. Speaker do, on the 7th day of April next, signify " by writing to the United Company of Merchants of England trading to " the East-Indies the said resolution of this House."

On the 3d April 1781, a note was addressed by Lord North to the Chairman and Deputy Chairman, stating that, in the present situation of affairs, he should find it necessary to move in the House of Commons for copies of the propositions made by the Court of Directors or Proprietors, and submitted as a basis of an agreement for the prolongation of the Company's Charter, together with the proceedings had thereupon; also stating his intention to move on the ensuing Monday, for the House to resolve itself into a Committee on the 25th, to take into consideration the state and condition of the East-India Company.

The

The same was communicated to the General Court on the 10th April, when the Court of Directors were requested to prepare propositions for an agreement, and a Committee of nine Proprietors was appointed to inqure into the chartered rights of the Company.

A series of propositions was submitted for the consideration of the General Court by the Court of Directors on the 15th May, on which day a report from the Committee of Proprietors was laid before the General Court. After contemplating the repayment by Parliament of the sum of £4,200,000 (at different times advanced by the Company to the Public) and all arrears of annuities in respect thereof, the Committee found that on such payment the Company's right to the whole, sole, and exclusive trade to the East-Indies would cease and determine on the 10th April 1783; but that the Company would, after that period, retain a right to trade in, to, and from the East-Indies, in common with the other subjects of Great Britain, *for ever*.

The Company's several territorial acquisitions were then stated at great length; after which the Committee observed:

" Great as the profits arising from the territorial acquisitions of the " Company may have been deemed, your Committee think it their duty, " in this place, to remark that the Public only are benefited by the same; " for the Company are not yet, by millions, reimbursed the expenses of " the acquisition. This will appear very evidently from an examination of " the duties, customs, and excise that have been received by Government on " account of the Company's trade, for fifteen years antecedent to the " acquisition of the Dewanny, and for a like number of years immediately " subsequent thereto: in the former of which periods the amount was " only £13,443,448, and in the latter £19,890,616; which demonstrates " that

" that the total of the revenues in these articles has increased to the " amount of £6,447,168, during the whole period from the grant of the " Dewanny to the present time.

" It appears also, that Government has received from the Company the " sum of £2,169,398. 18*s.* 2¼*d.* on account of the territorial revenues, in " consequence of agreements made in the year 1767 and 1769 for the " payment of £400,000 per annum to the Public, which is more than " four and a half per cent. per annum on the capital stock of the Company " for fifteen years; and that the Proprietors, by the increase of their " dividends above what had been usually received merely from the profits " of their trade, have received no more within the same period than " £496,679. 4*s.*, which is only, on the average, 4*s.* 6*d.* per cent. per " annum.

" Your Committee also find, that the military expenses incurred by the " Company from 1754 to 1766, in the acquisition of the revenues which " were requisite to support the expenses absolutely necessary for the safety " and protection of their commerce, has amounted to £8,510,360. 10*s.*; " and the expenses, during the said period, on account of fortifications " erected for the security of those possessions, to £1,040,989: which " large expenditure in the necessary pursuit of those acquisitions has been " principally supplied from commercial profits, insomuch that in the year " 1765, when the Dewanny was granted to the Company, there was a " balance of five millions and upwards in favour of commerce. The " possession of the Dewanny produced a balance in favour of revenue, " the accumulated amount of which for the last fifteen years has not " exceeded a million and a half. It appears, therefore, that the territorial " possessions in India have actually incurred a charge to the Company of " three millions and a half beyond the amount of their produce.

" Upon the whole, your Committee have satisfied themselves with " reporting the substance of what appears to them upon evidence re-

"specting the chartered rights of the Company, and the nature and "extent of its rights to the territorial acquisitions in India, and hope to be "prepared to offer an opinion concerning the means of supporting those "rights, should the negociation of the Court of Directors with the "Minister fail of producing the desired accommodation. But while they "are in expectation of an amicable agreement being concluded, they "think it unnecessary to state the mode of defending the Company's "rights and properties against adverse claims, or to bring forward the "reasoning which occurs to them on every branch of the subject: neither "does it appear to them important, at this crisis, to point out in detail "the just compensation to the Company for risk and expenses, should "an idea at any future period be entertained, of vesting the Company's "territorial property in the state; or should a measure be adopted here-"after, so dangerous to the commercial interests and to the revenues "of this country, as the opening of the trade to India."

The negociations, which were carried on until June 1781, ended in a series of propositions submitted by the Company in a petition to Parliament, upon which was founded the Act of the 21st George III. cap. 65, continuing to the Company the exclusive trade and territorial revenues, until three years' notice, to be given any time after the 1st March 1791, and on repayment of the sum of £4,200,000 due from the Public to the Company. By this Act the Court of Directors were required to deliver to the Commissioners of the Treasury and one of the Secretaries of State, copies of all orders and letters proposed to be sent out relative to the management of their concerns, which in any way related to the civil or military affairs or revenues, and as to making war or peace; and if no orders or instructions were received by the Court of Directors within fourteen days from the transmission of such proposed despatches to the Lords of the Treasury

Treasury and Secretary of State, the Company might send off such letters or orders to their Governments in India.

During the negociation for the settlement of a further agreement with the Public, two Committees were appointed by the House of Commons: one a Select Committee, consisting of fifteen members, on the 12th February, for the purpose of taking into consideration the appeals against the jurisdiction claimed by the Supreme Court at Calcutta; the other a Secret Committee, on the 30th of April 1781, to enquire into the causes of the war in the Carnatic. Mr. Dundas (then Lord Advocate of Scotland) was appointed Chairman of the Committee. The Select Committee made a report on the 23d May, when a bill was brought in, modifying and explaining the powers of the Supreme Court, which was passed into an Act on the 18th July 1781, 21 George III. cap. 70.

The reports from the Secret Committee, together with further reports from the Select Committee, were laid before the House of Commons in April 1782, and referred to a Committee of the whole House. They were very voluminous, and allowed to be drawn up with great judgment and ability.

On the 15th of that month Mr. Dundas moved forty-five resolutions: the first of which was,

" That the orders of the Court of Directors of the East-India Company " which have conveyed to their servants abroad a prohibitory condemna- " tion of all schemes of conquest and enlargement of dominion, by pre- " scribing certain rules and boundaries for the operation of their military " force, and enjoining a strict adherence to a system of defence, upon the " principle of the treaty of Illahabad, were founded no less in wisdom and " policy than in justice and moderation."

 This

This resolution, which was passed without a division, fully corroborates the remark already made, as to the principles which governed the Court of Directors in the instructions they sent out in the early periods of their political history.

On the 28th May, on the motion of Mr. Dundas, the House of Commons resolved that it was the duty of the Directors to recall Mr. Hastings, Governor-General of Bengal, and Mr. Hornby, the President of the Council at Bombay.

The Court of Directors, on the 22d October, resolved,

" That it is the opinion of this Court, that a steady perseverance in " the system of conduct so frequently enjoined by the Court, cannot be " expected from those servants whose ideas of extension of dominion, " either by negociation or conquest, have led them to depart from orders " so often enforced, and therefore, that it is expedient to remove Warren " Hastings, Esq. from the office of Governor-General of Bengal."

On the 31st the General Court passed a resolution, recommending to the Court of Directors to rescind the above-mentioned resolution for removing Mr. Hastings. The Court of Directors appealed to the Company's Standing Counsel to decide,

" Whether the power of the Court of Proprietors to control the Court " of Directors in the management of the Company's affairs, given by the " charter, was taken away by the Act of the 13th George III., or any " other Acts of Parliament respecting the removal of a Governor-" General."

The Counsel gave his reasons for thinking that the charter rights of control in the Court of Proprietors was a subsisting power.

It was then moved, on the question being put by the ballot,

" Resolved, That in compliance with the direction of the Court of

" Proprietors,

" Proprietors, the resolution of the Court of Directors of the 22d October, " respecting the removal of Warren Hastings, Esq., Governor General of " Bengal, be rescinded."

The despatch proposed by the Court of Directors to be sent to the Governor General and Council on the subject of Mr. Hastings, having been sent in conformity with the provisions of the Act of the 21st George III. cap. 65, to Mr. Townshend, the Chancellor of the Exchequer, for approval, he intimated that the resolution of the Court of Proprietors was so repugnant to the sense of the House of Commons, expressed in their resolution of the 28th May, as well as to the opinion of the Court of Directors, as appeared by their resolution of the 22d October, that he had received His Majesty's commands to withhold any approbation to the draft beforementioned; and informed the Court, that it was His Majesty's intention to order all the proceedings relative to this business to be laid before Parliament, and instructed the Chairs, at the same time, to suspend the sending of the draft to India, till the matter should have undergone the consideration of Parliament.

The same was communicated to the General Court on the 22d November, when they passed a resolution appointing a Committee of nine Proprietors to watch over the Company's interests: and as it was becoming and desirable that a good understanding should at all times exist between His Majesty's Ministers and the East-India Company, the Directors were thereby instructed not to transmit to India the paragraphs respecting the late proceedings until further consideration.

The injudicious interference of the Proprietors may be inferred from the foregoing proceedings: they led to the curtailment of those powers which the charter had vested in them.

On

On the 14th April 1783, Mr. Dundas obtained leave to bring in a bill for the better regulation and government of the British possessions in India. He stated the outline of his intended plan, part of which was to invest the Governor General with more extensive powers, and to authorize him to act even against the will of his Council. He urged the necessity of recalling Mr. Hastings, and of making such regulations in future as should prevent the Court of Proprietors from acting in direct opposition to the sense of Parliament; and he then named Lord Cornwallis, as the nobleman on whom the late Administration had fixed for Governor General. Leave was given to bring in the bill: the matter, however, from the recent change of Ministers, dropped.*

In the King's speech at the close of the session was the following passage:

" The consideration of the affairs of the East-Indies will require to be

" resumed

* The calamities attendant upon the prosecution of the American war, and other events, led to a motion in the House of Commons on the 15th March 1782, " That this House can have " no further confidence in His Majesty's Ministers." It was negatived by a majority of only nine; the yeas being 227, the noes 236.

On the 20th March Lord North intimated to the House, that His Majesty had determined on a change of ministers: on which occasion Mr. Fox and other members spoke strongly against ministers, declaring that the good of their country made their retirement necessary.

The Marquis of Rockingham became Prime Minister, Lord John Cavendish Chancellor of the Exchequer, and Mr. Fox succeeded Lord Stormont as Secretary of State for Foreign Affairs. Lord Shelburne succeeded to the Home Department.

Lord Rockingham died in July, and was succeeded by Lord Shelburne, and Lord John Cavendish by Mr. William Pitt. Mr. Fox resigned.

In February 1783, the House of Commons, on the motion of Lord John Cavendish, having censured the terms of the late peace with France, by 207 to 190, Lord Shelburne retired from office. Mr. Pitt, on the 7th March, in a debate on the American Intercourse Bill, declared that he held his office simply till a successor was appointed. In the beginning of April the new ministry was formed: the Duke of Portland First Lord of the Treasury, and Lord North and Mr. Fox, who had formed a coalition, were appointed Secretaries of State.

" resumed as early as possible, and to be pursued with a serious and " unremitting attention."

And at the opening of the ensuing session of Parliament, on the 11th November, His Majesty stated :

" Enquiries of the utmost importance have been long and diligently " pursued, and the fruit of them will be expected. The situation of the " East-India Company will require the utmost exertion of your wisdom, to " maintain and improve the valuable advantages derived from our Indian " possessions, and to promote and secure the happiness of the native " inhabitants of those provinces."

On the 18th November, Mr. Fox moved for leave to bring in his East-India Bills, for the better government of our territorial possessions and dependencies in India. After drawing a deplorable picture of the state of the Company's affairs abroad and at home, and animadverting on the conduct of the Proprietors regarding the recall of Mr. Hastings, he observed :

" The great difficulty lay in choosing the mode of remedying the defects " that had been so fully ascertained. On former occasions, doubts had " been started on this question :—to whom belong the territorial acqui- " sitions in India? Many and grave persons were of opinion that they " belonged to the Crown, and they argued that it was absurd that a body " of merchants should be supposed capable of managing and governing " great territories, and entering into all the mazes and refinements of " modern politics. He was aware, also, that very weighty persons had, " on the other hand, maintained that the territories belonged of right to " the Company; and they retorted, very justly, saying that it was equally " absurd to suppose that mere statesmen were qualified to enter into and " conduct the complicated branches of a remote and difficult trade. " To this latter opinion he was himself inclined to lean. His idea, there-

"fore, with regard to India, was to form a mixed system of government, "adapted, as well as the nature of the case would admit, to the mixed "complexion of our interests in India. He was willing, in the first "instance, to leave the question of right to the territorial possessions just "as it now stood; that is to say, undecided. It was generally thought "that if Government should ever take the territorial possessions into their "hands, they would be under the necessity of keeping up a Company to "carry on a trade, by which alone the revenues of India could be converted "to the benefit of Great Britain."

These opinions have been stated at length, as they are important in shewing what were Mr. Fox's views as to the territorial possessions, and as to trade being the only means whereby the revenues of India could be brought home.

The following is a brief outline of the nature of the bills, their objects, and the grounds upon which they were brought forward and opposed.

The first bill vested the whole government and management of the territorial possessions, revenues, and commerce of the Company, together with all the powers before vested in the Court of Directors and Proprietors, in seven Directors named in the list for four years.

Nine Assistant Directors, being proprietors of £2,000 stock each, were to be appointed for the sole purpose of managing the commercial concerns of the Company, to act under the orders of, and be subject to the seven Directors.

All vacancies in the offices of Directors were to be filled by His Majesty, and those of the Assistant Directors by the Proprietors, at an election by open poll.

The Assistant Directors were to be removable by five Directors.

The

The Directors and Assistant Directors were to be removable by His Majesty, upon an address of either House of Parliament.

The Directors were to have authority to remove, suspend, appoint, or restore any of the officers in the Company's service, either civil or military.

The *second bill* went to explain the powers vested in the Governor-General and Council by the Act of 1773, and forbad the exchange, acquisition, or invasion of any territory in India, &c.

The arguments urged in opposition to the bills were, first, the arbitrary defeasance of the chartered rights of the Courts of Proprietors and Directors, without a justifiable plea of necessity; and, secondly, the dangerous power lodged in the hands of the new Commissioners.

In support of the bills, accounts were brought forward to shew that the Company were on the verge of bankruptcy: whilst, on the other side, it was averred that these accounts were absolutely false; and another account was presented to the House, prepared by the Court of Directors, shewing a balance of nearly four millions in the Company's favour.

The second head of abuses brought forward related to the government in India.

Although the evils were allowed to exist, still the picture drawn of them was deemed to be much exaggerated; but whilst remedies were admitted to be necessary, a total change of system was most strongly opposed. It was insisted on, that the Company's despatches to India were, for the most part, consonant to policy and humanity; and, as a check upon any collusion between the servants of the

Company and their masters had been given by Act of Parliament, it was stated that, by amending a few errors and supplying a few defects, a control might be established over the Company sufficient for the purpose of good government, without the violent demolition of its rights, as aimed at by the proposed bill. But the argument most strongly insisted upon was, the creation of a new and unconstitutional power—a kind of fourth estate in the realm; and by the enormous influence it lodged in the hands of a faction for four years, might, in the end, annihilate the power of the Crown and subvert the constitution.

The bill excited the immediate and warm opposition of the Directors and Proprietors. An appeal against it was agreed to in the General Court, on the 21st of November 1783. A petition from the Company was accordingly presented to the House of Commons on the 25th of that month, setting forth that the proposed bill destroyed the constitution, and wholly subverted the rights and privileges given to the Company by their charter, made for valuable considerations, and confirmed by divers Acts of Parliament, confiscating their property, and seizing and taking possession of all their lands, tenements, houses, warehouses, and other buildings, books, records, charters, letters, and other papers, ships, vessels, goods, wares, merchandize, money, securities for money, and other effects belonging to the Company (a proceeding most contrary to the sacred rights of British subjects), and praying to be heard by counsel. Messrs. Rous and Dallas were appointed counsel.

In the debate on the 27th November 1783, Mr. Pitt stated

"That he had pledged himself to the House, and to the world at large, to

" to point out the dreadful tendency of the bill on every thing dear and
" sacred to Englishmen, to prove its inimical influence on the constitution
" and liberties of the country, and to establish, by undeniable evidence,
" the false and pernicious principles on which it was founded. The
" alleged bankruptcy of the East-India Company, he contended, was not
" proved; but had it been founded, he denied it to be a fit plea to
" warrant the passing the bill. He trusted the House had too much regard
" for its own honour and dignity, too scrupulous an attention to justice,
" and too conscientious an adherence to their duty to their constituents,
" to support the Minister in one of the boldest, most unprecedented, most
" desperate and alarming attempts at the exercise of tyranny that ever
" disgraced the annals of this or any other country."

Alluding to Mr. Fox, he observes:

" The right honourable gentleman, whose eloquence and whose abilities
" would lend a grace to deformity, has appealed to the passions, and
" pressed home the distressed situation of the unhappy natives of India, a
" situation which every man must deeply deplore and anxiously wish to
" relieve: but ought the right honourable gentleman to proceed to the
" protection of the oppressed abroad, by enforcing the most unparalleled
" oppression at home? Was the relief to be administered in Asia, to be
" grounded on violence and injustice in Europe?"

Mr. Pitt afterwards justified the financial statement set forth by the Court of Directors, and moved the adjournment of the debate: which motion was negatived by 229 to 120. On the 8th December the bill passed the Commons, on a division of 208 to 102, and was the next day carried to the Lords.

It had been remarked, that on the division, several of the members well known as the friends of His Majesty gave their votes on the

 side

side of opposition. It was, however, generally imagined that Ministers were too strong to be affected, and it was deemed to the last degree improbable that they should have adopted a measure of such infinite importance, either without knowing, or contrary to, the inclinations of the King. The Company lost no time in presenting a petition to the House of Lords, similar in import to that which had been laid before the House of Commons; and here the appeal was more successful. On the first reading, which took place the 11th December, Earl Temple, Lord Thurlow, and the Duke of Richmond, expressed their abhorrence of the measure in the most unqualified terms. The second reading was fixed for Monday the 15th December. Various rumours began to circulate. It was confidently affirmed that Earl Temple had been ordered to attend the King, and that a written note had been put into his hands, in which His Majesty declared that " he should deem those who should vote " for it, not only not his friends but his enemies, and that if Lord " Temple could put it in stronger words, he had full authority to do " so."

Circumstances which took place on the second reading of the bill on the 15th December, appeared to confirm the truth of the reports. —Several peers who had entrusted their proxies to the Minister and his friends, withdrew them only a few hours before the House met, and others voted in opposition to him, so that he was left in a minority of 79 to 87. In the debate on the question for adjournment moved by the Duke of Chandos, for the purpose of hearing counsel, Lord Temple acknowledged

" That he had been admitted to an audience of the King, and contended

"tended that, as a peer of the realm, he had a right to offer His Majesty
" such advice as he might think proper. He had, he said, given his
" advice: what that was he would not say—it was lodged in the breast of
" the King; nor would he declare the purport of it without his Majesty's
" consent, or till he saw a proper occasion. But though he would not
" declare affirmatively what his advice to his Sovereign was, he would
" tell their Lordships, negatively, what it was not—it was not friendly
" to the principles and objects of the bill."

In the House of Commons reference was made to the above-mentioned reports, and a motion was submitted by Mr. Baker,—

" That it is *now* necessary to declare, that to report any opinion, or
" pretended opinion of His Majesty, upon any bill or other proceedings
" depending in either House of Parliament, with a view to influence the
" votes of the members, is a high crime and misdemeanor, derogatory to
" the honour of the Crown, a breach of the fundamental privileges of
" Parliament, and subversive of the constitution."

Lord Maitland seconded the motion: which was strongly opposed by Mr. Pitt, who, with reference to the criminality of the facts which were the subjects of these reports,

" Denied that it was criminal in any of the peers, who were the ac-
" knowledged hereditary counsellors of the Crown, to give his advice to
" the King in any case whatever; and as to the breach of privilege of
" Parliament, he contended that the precedents which had been read
" from the Journals, though selected from the *glorious times* of King
" Charles the First, were in no wise applicable to the present case."

After a warm debate, the motion was carried by 153 to 80. It was then resolved, that on the Monday following the House would resolve itself into a Committee of the whole House, to take into consideration the present state of the nation.

As

As a change of Ministers appeared to be determined on, and, consequently, a dissolution of Parliament, immediately after these resolutions Mr. Erskine moved,

" That it is necessary to the most essential interests of this kingdom, and
" peculiarly incumbent on this House, to pursue with unremitting atten-
" tion the consideration of a suitable remedy for the abuses which have
" prevailed in the government of the British dominions in the East-Indies;
" and that this House will consider as an enemy to his country any person
" who shall presume to advise His Majesty to prevent, or in any manner
" interrupt the discharge of this important duty."

The motion was opposed as factious, and touching on the undoubted prerogative of the Crown without any justifiable cause. A member observed, that the true meaning and intent of the motion was:

" That it is necessary, for securing the present Administration's con-
" tinuance in office, that no dissolution of Parliament should take place at
" present."

The motion was, however, carried by the same majority as the former. On Wednesday, the 17th December, the bill was rejected by the Lords, on a division of ninety-five to seventy-six.

At twelve o'clock on the following night, the 18th December, a messenger delivered to the two Secretaries of State His Majesty's orders, " that they should deliver up the seals of their offices, and " send them by the under Secretaries, Mr. Fraser and Mr. Nepean, as " a personal interview on the occasion would be disagreeable to him." Lord Temple received the seals from His Majesty, and his Lordship

ship sent letters of dismission to the Cabinet Council the following day. At the same time, Mr. Pitt was appointed First Lord of the Treasury and Chancellor of the Exchequer.

On the fate of the bill being communicated to the General Court, on the 19th December, a motion was made.

" That the thanks of the Court be presented to fourteen members of the
" Court of Directors (naming each), for their steady, virtuous, and manly
" fortitude, in adhering to their duty, and opposing the late violent at-
" tempts made upon the chartered rights and franchises of the Company;
" also for the assistance thus rendered to the Committee of Proprietors,
" appointed by the General Court to watch over the rights of the Company
" and maintain their privileges.

An amendment was moved,

" To leave out the names of the fourteen members, and insert the words
" 'the Court of Directors:'"

Which was lost, and the original motion carried by a very large majority.*

* Nathaniel Smith, Esq. Chairman;
William Devaynes, Esq. Deputy Chairman;
Benjamin Booth, Esq.
William Bensley, Esq.
Jacob Bosanquet, Esq.
Charles Boddam, Esq.
Lionel Darell, Esq.
John Hunter, Esq.
William Mills, Esq.
Thomas Parry, Esq.
John Roberts, Esq.
Samuel Smith, jun. Esq.
Lawrence Sulivan, Esq.; and
John Townson, Esq.

Previously

Previously to detailing the subsequent measures which ended in the adoption of the bill proposed by Mr. Pitt, it may be important to remark, that the necessity which was urged by Mr. Fox for some legislative provisions to remedy abuses and to enforce obedience on the part of the Company's servants abroad, was felt and acknowledged as strongly by the Directors as by the Ministers of the day—but it was contended, that there was nothing to shew that the Court of Directors, as then constituted, could not govern India as well as the proposed seven new Directors; there was no one proof advanced that the twenty-four Directors, when aided by regulations, restrained in some political measures by the control of Ministers and of Parliament, and relieved as to the appointing and recalling officers from the control of the Court of Proprietors, were not as able to govern India, in as perfect a manner as a distant dominion so peculiarly circumstanced is capable of being governed. Parliament, indeed, had recorded only a few months before,

" That the orders of the Court, which had conveyed to the Company's " servants abroad a prohibitory condemnation of all schemes of conquest " and enlargement of dominion, by prescribing certain rules and boun- " daries for the operation of their military force, were founded no less in " wisdom and policy than in justice and moderation."

And it will be seen, that the suggestions offered by the Court on the provisions of the bill brought forward by Mr. Pitt, which suggestions were adopted by that lamented statesman, evinced a knowledge of the subject, which satisfied all parties that a permanent authority, not liable to political fluctuations and changes, was best adapted for carrying on, under proper control, the executive government of India.

There

There was, however, another, and not less important object involved in the proposition of Mr. Fox; and that was, to vest in the hands of the seven Directors, so appointed by the Minister or by the Crown at his recommendation, and consequently under his control, the whole influence of filling up the offices and patronage, in India and at home, belonging to the Company; thereby creating a state engine, which, it was considered, would have produced very serious effects upon the constitution of the country: whereas it was felt, that such patronage in the hands of the Company, was divided among twenty-four gentlemen instead of seven, and those twenty-four consisting of very different descriptions of men, with different, and often opposite connexions, not named by one man or one party, but chosen by the Proprietors, to whom alone they feel themselves indebted for their situations. And that it was not employed to effect any influence on Government, but to testify gratitude to those who assisted in their election; it was distributed among their private friends and connexions, and diffused very generally over the kingdom, with no regard to the distinction of state parties.

A report being prevalent of an intended dissolution of Parliament, the House of Commons went into a Committee on the State of the Nation, on the 22d of December, 1783, and agreed to supplicate his Majesty not to dissolve the Parliament; urging among other considerations, the necessity for "reformation in the government of the East-" Indies at home and abroad."

His Majesty was pleased, on the 24th December 1783, to signify his acquiescence in the request of the House of Commons; and in his reply, his Majesty obseved,

"The state of the East-Indies is an object of as much delicacy and "importance as can exercise the wisdom and justice of Parliament."

 A resolution

A resolution having been proposed by Lord Beauchamp, and agreed to by the House, restricting the Company from accepting bills of exchange excepting under certain conditions, and another resolution moved by the Earl of Surrey for an address to His Majesty, praying that His Majesty would not grant the office of Chancellor of the Duchy of Lancaster to any person, otherwise than during pleasure, before the 20th January, the House adjourned to the 12th of that month.

Conferences had been held between His Majesty's Ministers and the Court of Directors, with the view of framing a bill to be submitted to Parliament for the future government of the Company: the same having been agreed upon, it was communicated by the Court of Directors to the Court of Proprietors on the 8th of January 1784.

On the 14th Mr. Pitt moved for leave to bring in a bill, "for the "better government and management of the affairs of the East-India "Company." Such bill was accordingly introduced on the 16th and read a second time on the 23d; but, on the motion for its being committed, was lost: the numbers having been, 214 for, and 222 against the motion.

No sooner had this decision taken place, than Mr. Fox gave notice of his intention to bring in another bill, "for the better regulation "and management of the affairs of the East-India Company."

On the following day, as an impression prevailed that a dissolution of Parliament would take place, Mr. Powys asked the Minister whether he could pledge himself that the House should meet there in Parliament on Monday next. The Minister was also called upon to give the House some satisfactory reasons for his continuing in office after repeated resolutions had passed against him. Mr. Pitt observed,

That

" That although a Minister continuing at his post after the House of " Commons had declared him undeserving of their confidence was novel " and extraordinary, yet it was by no means unconstitutional. He con- " ceived, that, by the constitution, neither the appointment or removal of a " Minister, rested with that House. That he neither could or ought to " remain long in such a situation; but it behoved him to consider who were " likely to be his successors; and he was bound in honour and duty so far " to support the prerogative of the Crown, as not to quit a situation " because it was become difficult or dangerous, till he saw some prospect of " its being filled in a manner more acceptable to all the parties concerned."

With the view of promoting a reconciliation of parties, a meeting of nearly seventy members took place on the 26th January at the St. Alban's Tavern; but the Duke of Portland declined having any interview with Mr. Pitt, so long as the latter held the situation of Prime Minister, in defiance of the resolutions of the House. Mr. Pitt still declined resigning, either virtually or actually, as a preliminary to a negotiation.

On the 2d February, in the House of Commons, Mr. Coke moved a resolution, having for its object the reprehension of Mr. Pitt's refusal to resign, declaring,

" That the continuance of the present Ministers in office was an obstacle " to the forming a firm, efficient, extended, and united administration."

This motion was strongly opposed, on the grounds of the growing popularity of the new Administration, and the House was adjured not to provoke the people to go to the foot of the Throne and implore the Crown to rescue them from from its tyranny. Mr. Pitt

" Threw himself on the candour and justice of the House, but de- " clared firmly that he would not by any management be induced to

"resign. To march out of his post with a halter about his neck, change "his armour, and meanly beg to be readmitted and considered as a volunteer in the army of the enemy, was an humiliation to which he "would never submit."

In the House of Lords, on the 4th of February, Lord Effingham brought forward a motion, declaring,

"That, according to the known principles of this excellent constitution, "the undoubted authority of appointing to the great offices of the executive "government is solely vested in His Majesty, and that this House has "every reason to place the firmest reliance in His Majesty's wisdom in the "exercise of this prerogative."

It passed without a division; and an address, founded thereon, was presented to the King.

It appears that His Majesty wrote to Mr. Pitt on the day this address was expected to be moved in the House of Lords, and expressed himself in the following manner, after lamenting the length to which the House of Commons had gone:

"I trust the House of Lords will this day feel that the hour is come "for which the wisdom of our ancestors established that respectable corps "in the state, to prevent either the Crown or the Commons from encroaching on each other. Indeed, should not the Lords stand boldly "forth, this constitution must soon be changed; for if the only two "remaining privileges of the Crown are infringed, that of negativing bills "which have passed both Houses of Parliament, and that of naming the "Ministers to be employed, I cannot but feel, as far as regards my person, "that I can be no longer of utility to this country, nor can with honour "continue in this island."

On the 11th of February, in a debate in the House of Commons, on

on the necessity of a Ministry being formed which should embrace members of both administrations, Mr. Fox avowed his opinion that the House of Commons had, and ought to have, a real and substantial negative in the nomination of a Minister of state. Mr. Pitt declared, that he would not recede from his former determination. He denied that there were any constitutional means to force him to resign; the proper method was by an address to the Crown.

During these transactions, addresses from the corporation and merchants of London, and from various parts of the country, were presented to the King, strongly expressive of their confidence in the Ministers, condemning the violent proceedings of the House of Commons in consequence of Mr. Fox's dismissal from office, and promising support to His Majesty in the exercise of his constitutional prerogative.

Endeavours to bring about an amicable negotiation being still persevered in, it was suggested that the Duke of Portland should be requested by the King to have a conference with Mr. Pitt, for the purpose of forming a new administration. This proposition was reluctantly acceded to by the King, who on the 15th February 1784 wrote to Mr. Pitt:

" My present situation is, perhaps, the most singular that ever occurred, " either in the annals of this or any other country; for the House of Lords, " by a not less majority than near two to one, have declared in my favour, " and my subjects at large, in a much more considerable proportion, are " not less decided; to combat which, Opposition have only a majority " of twenty, or at most thirty, in the House of Commons, who, I am sorry " to add, seem as yet willing to prevent the public supplies. Though I " certainly have never much valued popularity, yet I do not think it is to

" be

"be despised when arising from a rectitude of conduct, and when it is to "be retained by following the same respectable path which conviction "makes me esteem—that of duty, as calculated to prevent one branch of "the legislature from annihilating the other two, and seizing also the "executive power, to which she has no claim. I will, though reluctantly, "go so far as to authorise a message in my name to be carried to the Duke "of Portland, expressing a desire, that he and Mr. Pitt may confer on the "means of forming an administration on a wide basis, as the only means "of healing the divisions which stop the business of the nation. Should "the Duke of Portland, when required by me, refuse to meet Mr. Pitt, "more especially upon the strange plea he has as yet held forth" (a refusal to resign), "I must here declare, that I shall not deem it right for me ever "to address myself again to him. The message must be drawn on paper, "as must every thing in such a negociation, as far as my name is con-"cerned."

A message was accordingly sent by Mr. Pitt to the Duke; but misunderstanding as to the terms of the message rendered all hopes of a coalition illusory. On the 18th February, Mr. Pitt, in reply to some questions put to him, informed the House,

"That His Majesty, after a consideration of all the circumstances of the "country, had not thought proper to dismiss his Ministers, and that his "Ministers had not resigned."

A warm debate ensued, in which it was remarked, that the only course would be to refuse the supplies; and it was proposed to defer the ordnance estimates by the question of adjournment, which was carried by 208 to 196. On the following day, Mr. Powys, who had voted with Mr. Fox, stated that he was ready to vote the supply, relying with the utmost confidence that His Majesty would attend

to

to the voice of his faithful Commons, and gratify those wishes with which their anxiety for the constitution inspired them. Mr. Pitt declared

"That he would not enter into any compromise; he would not stipulate "any condition for the passing of the supply. When any proposition "should be submitted to the House, it would be for the House to dispose "of it as they should think proper; but he would never compromise upon "the subject."

The ordnance supplies appear to have gone on in the usual course.

On the 20th of February, a resolution was moved by Mr. Powys for an address to His Majesty, having for its object the removal of Ministers. On this occasion Mr. Pitt, in reply to Mr. Fox, who had reprobated the numerous addresses presented to the King in support of Ministers, observed,

"The right honourable gentleman is exasperated and surprised at the "manly spirit of the people, who will not wait till their charters are pros-"tituted to the purpose of Ministers, and then seek relief by yielding them "to the Crown, but who boldly resist the violence in the first instance, and "who are as hardy in their resistance as the right honourable gentleman "has been in his attack. The right honourable gentleman asks, how "should the people understand the India Bill? Do they know the abuses "in India? True, they may not have read all the voluminous reports; "neither, perhaps, have one-half of the members of the house: but they "know that no correction of abuses in India, not even the rescuing India "from loss or annihilation, could compensate for the loss of the constitu-"tion. The plain sense of this country could see that the objection to the "India Bill was, that it raised up a new power in the constitution; that it "stripped at once the Crown of its prerogative and the people of their "chartered rights, and that it created the right honourable gentleman the "dictator of his king and his country."

The

The address was, however, carried by a majority of twenty, the numbers being 197 to 177, and presented to the King on the 25th. His Majesty's reply was reported to the House by the Speaker on the 27th, in which His Majesty declared that he could not see that the divisions and distractions of the country could at all be remedied by the dismission of Ministers. On the 1st March His Majesty's answer was considered by the House of Commons, when another address was agreed to, in which the House claimed as a right, to advise His Majesty on every proper occasion touching the exercise of his royal prerogative, and urging the removal of Ministers. The numbers for the address were 201 to 189. It was presented on the 4th. His Majesty's reply expressed a conviction that the objects contemplated were not likely to be obtained by the dismission of Ministers. His Majesty's answer was ordered to be taken into consideration on the 8th of March. On that day Mr. Fox moved that a representation be presented to His Majesty, in which it was stated, that it had been the practice of the House to withhold supplies until grievances were redressed, and that the continuation of the administration was an innovation upon the system which had till then prevailed. The motion was carried by a majority of one only, the numbers being 191 to 190; upon which it was ordered, without a division, that the representation should be presented to His Majesty by such members as were Privy Counsellors.

Mr. Pitt sent to His Majesty at Windsor an account of what had passed. In the answer which he received were the following passages:

"The

" The avowal that all negociation is at an end, gives every reason to
" hope that by a firm and proper conduct, this faction will be deserted by
" many, and at length be forgot. I shall ever with pleasure consider, that
" by the prudence as well as rectitude of one person in the House of Com-
" mons, this great change has been effected; and that he will ever be able
" to reflect, with satisfaction, that in having supported me he has saved the
" constitution, the most perfect of human formation."

The Mutiny Bill and some other bills as to supplies, were passed, and nothing of moment occurred till the 22d of March, when, upon the Secretary at War moving the order of the day for a Committee on the army estimates, Sir Grey Cooper mentioned the report of an intended dissolution of Parliament, which measure he termed daring and unwarrantable. Various inquiries were made of the Minister by several members, who took no notice of them. On the following day Mr. Eden, Lord North, and General Conway successively mentioned the subject; but Mr. Pitt remained silent.

On the 24th the King went to the House of Lords, and after giving the royal assent to several bills, delivered a speech, in the course of which His Majesty stated that,

" On a full consideration of the present situation of affairs, and of the
" extraordinary circumstances which have produced it, I am induced to
" put an end to this session of Parliament. I feel it a duty which I owe
" to the constitution and to the country, in such a situation, to recur as
" speedily as possible to the sense of my people by calling a new Parlia-
" ment. I can have no other object but to preserve the true principles of
" our free and happy constitution, and to employ the powers entrusted to
" me by law for the only end for which they were given, the good of my
" people."

The dissolution took place on the the 25th March.

The new Parliament met on the 18th May.

On the 19th, after approving Mr. Cornwall as Speaker, His Majesty addressed the Houses of Lords and Commons. The speech contained the following passage on the affairs of India.

" Whilst the affairs of the East-India Company form an object of de-
" liberation deeply connected with the general interests of the country—
" whilst you feel a just anxiety to provide for the good government of our
" possessions in that part of the world, you will, I trust, never lose sight
" of the effect which any measure to be adopted for that purpose may have
" on our own constitution, and our dearest interests at home."

On the 2d July Mr. Pitt obtained leave to bring in a bill, to allow the Company further time for the repayment of certain sums due from them to the Public; and another bill, authorizing the Company to make a dividend at the rate of eight per cent. for the half-year which ended the 5th July.

On the 6th Mr. Pitt brought forward his India Bill. A copy was laid before the Court of Directors on Monday the 12th, when it was resolved that the Chairs should wait on the Chancellor of the Exchequer to obtain a copy with the blanks filled up, in order that it might be read to the Court of Proprietors on the 15th. The same having been obtained, the Court, on the 14th, took the same into consideration, and resolved that a series of observations thereon should be submitted for the consideration of Mr. Pitt.

On the 27th July the Chairman stated to the Court, that the bill had gone through the Committee of the House of Commons, and that the several suggestions of the Court of Directors had been adopted.

These

These important suggestions will now be noticed.

Section 11 of the Act, as it originally stood, provided that copies of *all* despatches which the Court of Directors might receive, should be transmitted to the Board.

The Court expressed in unequivocal terms, that it had been their firm determination to reserve to themselves the entire control of their trade, and only to give to Government a control respecting the civil or military government and revenues of India. It was altered accordingly.

Section 13, as it originally stood, left it to the Board to transmit, whenever they might see fit, to the Court, draughts of despatches, without waiting for any copies of despatches intended to be sent by the Court.

The Court were of opinion, that whilst the government of their possessions in India remained vested in the Company and administered in their name, under any degree of control whatsoever, a power to originate orders and instructions could not be vested in any other body of men, consistently with the principle of such a government, or without at once annihilating the executive power of the Company; and that the power thereby given would not only destroy the principle before-mentioned, and tend to introduce a doubt which of the two bodies would stand responsible for delay or negligence, but might become highly dangerous in times of political contest and unsteady administration, when it might be very inexpedient that new men, just vested with the power of controlling the most important acts of the Company, should decide upon materials digested, and with the aid of those reasons and explanations which a previous discussion by men of experience must ever afford, rather than be led to commit the credit of their board by

precipitate orders, which once issued would not be easily given up: and moreover, it did not appear that any use whatever would arise from that power, because it would still be necessary that both the Board of Control and the Court should deliberate on every measure, and no time would therefore be saved by originating the orders in one branch rather than another. The Court were very ready to concur in any regulation which might enforce the despatch of business, and tend to prevent negligence or inefficiency in its own operations; but whilst the government remained vested in the Company, the power so given appeared at once destructive and useless: the Court therefore submitted their decided opinion, that the clause should be altered, by making the same to take place only whenever the Court of Directors should omit to forward to the Board their intended despatches on any subject within fourteen days after requisition made. It was so altered.

SECTION 15, as it originally stood, vested the Board with the power to send secret orders to the Government in India on any subject relating to the civil or military government, as well as respecting peace or war, withholding the knowledge of the same from the Court of Directors, as well as the replies which might be received from India, as the Board might see fit.

Upon this the Court remarked, concerning secret orders, that they were of opinion, that to the extent stated in the clause, the powers thereby given would at one blow annihilate the Company's government. They were ready to recommend to the General Court to consent to vest powers in His Majesty's Ministers to issue secret orders, being *first communicated* and afterwards *transmitted through* the Secret Committee of the Court of Directors, concerning the levying of war or making of peace, or negociations respecting war and peace, to the several

several Governments or Presidencies in India, and binding those Presidencies to obey the same, in like manner as if they had been issued by this Court: but beyond this they could not conceive a case in which such power would be useful, and many in which it would be improper and dangerous; and they especially observed, that the giving orders at any time, or on any subject, to the Commander-in-chief of the Company's forces, otherwise than through the medium of the executive Government of the Presidency in which he serves, could hardly fail of producing the most dangerous convulsions in such Government, and hazarding the Company's possessions in India.

Section 20, as it originally stood, gave the King the absolute appointment of Commander-in-chief, and also of the Second in Command, with something like independent authority.

The Court earnestly requested, that their subordination to the supreme civil authority, of which they were constituted members, in all cases and under all circumstances whatsoever, might be ascertained by some clause in the bill, so as to obviate all future claims of any officer in His Majesty's service to an independent command or authority, it being understood that his pay and appointments would remain under the direction of the Court and that of the Board, and needed not therefore to be regulated by the bill. The Court were of opinion, that the appointing of the Second in Command by the Crown would be a great discouragement to the officers in the Company's service, as well as a heavy expense, and they therefore submitted, whether that point might not be given up. The Act was framed in accordance with these suggestions.

The powers of recall in Sections 22 and 23 were originally confined to the Sign-Manual.

On

On this point the Court submitted, that the power of recalling every officer appointed by the Company was, in their opinion, essential to the existence of their authority over their servants abroad, and that it ought not to be taken away.

The powers originally proposed to be given in sections 31, 32, and 35, to the Supreme Government, extended to making regulations for the subordinate Presidencies, and to empower them to interfere in all matters connected with the internal administration of such Settlements.

The Court observed, on the power of the Bengal Government in the other Presidencies, the clause as it here stood rendered the orders of the Bengal Government paramount to those which might have been sent out to the Presidencies by the Court under the superintendence of the Board of Control, which it was presumed could not be intended, and that an exception ought to be introduced accordingly. And further the Court were of opinion, that it would be highly improper to subject Presidencies so distant as Madras and Bombay to the interference of the Bengal Government, in the interior detail of their administration. Such a regulation would reduce those Presidencies to mere subordinate factories, and deprive them of all that respect and energy which, in many instances, it might be very necessary for the public welfare that they should possess and exercise, in instances where the Bengal Government was precluded by its distant situation from an efficient interference. The Court therefore submitted, whether it might not be better to confine the control of the Bengal Government to matters relating to war and peace, and the application of their resources in time of war, and transactions with the country

powers,

powers, provided the orders of the Court should not have previously been given thereon.

If it was meant to give legislative authority to the Bengal Government in matters relating to the interior police and administration of the affairs of the other Presidencies, it was submitted that the same regulations could by no means apply to the manners or circumstances of the different places, and that all such legislative regulations should be digested and proposed by the respective Presidents and Councils; and also, whether the final sanction thereto might not more usefully be reserved to the home authorities than vested in the Government of Bengal.

Section 34, as it originally stood, ordained that the communication of the reasons for unauthorized hostilities should be made to the Board.

The Court submitted that the immediate communication of those reasons ought to be made to the Court of Directors. It was so altered.

Section 39, as it originally stood, declared that certain Rajahs, Zemindars, and Polygars and other land-owners, had been dispossessed of, and compelled to abandon their respective lands, with their rights, &c. &c.; and as an indiscriminate restoration might introduce confusion and disturbance, the Court of Directors were required to take the case into consideration, and transmit explicit orders to their Governments on the subject: and in order to prevent future oppression, the Governments were to be instructed to fix an unalterable tribute and rent.

The Court represented, that however consonant those clauses might be to popular opinions, grounded upon the laws, manners, and constitution of England, it was a duty which the Court owed to the trust vested in them and to their country, to declare their unanimous and clear opinion, that if those clauses passed into a

law

law to be promulgated throughout the Company's possessions in India, they would produce the utmost degree of confusion, and endanger the subversion of all government. If any individual had been dispossessed of his rights by British subjects otherwise than by the laws of his country, the courts of justice were competent to administer relief. If any prince had been oppressed by the Government in India, it was not to that Government that he would resort for justice, but to the Company, under the superintendence of the Board of Control. The clause would lead to the supposition that the Court had before them appeals from Rajahs, Zemindars, Polygars, &c. complaining of all the multiplied oppressions, with the recital of which the public mind had been inflamed. No such complaints were before the Court, and therefore there was nothing for them to transmit special orders upon. They feared that the power of restoring possession upon the hearing of ancient claims in a summary way, would prove a far more fruitful source of corruption and oppression than any that had yet been complained of; and whilst they sincerely wished to establish the principles of justice, as the rule by which their servants abroad were to administer the government of the country, they could not but be apprehensive of the very worst consequences, from depriving the Government on the spot of those powers which grew out of the nature of the constitution, religion, and manners of the inhabitants, and fixing permanent rights inconsistent therewith, and which the inhabitants, of whatever rank, never held or pretended to hold under their native sovereigns. The Court therefore submitted, that all those points should be left to the Government upon the spot, under the most vigilant superintendence

tendence of the Court and the Board: and further, that the rents of lands must in their nature vary, and that the Government which had it not in its power to provide for war and other exigencies, by varying taxation, of whatever nature it might be, according to circumstances, wanted much of the power essential to its continuance; and that Zemindars and others, to whom the government of the common people, and the distribution of justice in their several districts, was committed by the laws and constitution of the country, could not be rendered independent of the supreme authority, without exposing the multitude to oppression; or freed from increasing expense in case of war, without taking away a great inducement for their endeavouring to preserve peace and tranquillity. And to their earnest wish that those clauses might be left out of the Bill, the Court added an observation, that if thenceforward the government of their possessions in India should be oppressively administered, the Government of this country must be equally culpable with the Court, and neglect abundant means of controlling it.

The suggestions of the Court were adopted, and the clauses last-mentioned were left out.

Section 45, as to presents being brought to account, was enlarged at the suggestion of the Court, so as to include ceremonial presents.

Section 63, as originally proposed, precluded absolutely the re-appointment of any person who had been absent five years from India.

The Court submitted, that whilst they readily admitted the salutary tendency of that restriction, they could not but recollect cases, in which it had been highly expedient, and might again be expedient, to send out in cases of emergency men of eminent

merit, reputation, and services; and therfore, whether power should not be lodged somewhere, upon the application of the Company, to dispense with that regulation.

It was altered accordingly.

Sections 64 to 81 had reference to the establishing a jurisdiction, for the trial of offences committed in India, more effectual than proceeding by common law, for prosecuting and bringing to speedy and condign punishment persons guilty of extortion or other misdemeanor.

With respect to that part of the bill, the Court were of opinion that it was more particularly an object of attention for the Legislature at large than for the Court of Directors, and they felt also the odium that might attend any interposition they might presume to offer against the particular clauses in the bill respecting delinquents, by it being alleged that they were unwilling to assist in establishing any effectual mode for punishing the servants of the Company offending.

This, however, was far from being the case; for while they confessed the difficulty of effecting the purpose, they were nevertheless very desirous to contribute all in their power to render any establishment which might be proposed, efficient to the end. They confessed, that the trial by jury was inadequate: they were convinced that parliamentary proceedings, whether by bill or impeachment, were equally so. They also allowed that the strict rules of evidence, as established by common law proceedings, could never answer in bringing any delinquent in India to punishment in England; but they submitted, whether the great principles of the civil law, which they apprehended to be fully adequate to the reaching of any case, should be departed from, and whether the calling upon a man unaccused

unaccused or unsuspected, to do an act which might bring suspicions on his conduct when he might be perfectly innocent, was expedient; or whether bringing a person to trial without a specific charge, and making him liable to a species of evidence which no civilized countries have yet admitted (that of letters written without his knowledge, and where the party accused had no opportunity to examine their truth or authenticity) was fit; or whether loose affidavits taken before any description of men entitled to administer on oath, in a country where it is notorious such species of evidence is so easy to be obtained, without any commissioners named on the part of the accused, or any power given him to cross-examine the evidence, should be adopted, as a means of bringing a British subject to punishment, to the satisfaction of the community, without which, it was submitted, such a conviction could answer no good purpose. The Court of Directors approved of the intent of the jurisdiction proposed to be established, and applauded the spirit of dignity and impartiality which was held forth in the manner of constituting the court; but they doubted extremely the possibility of the execution of the purposes which were intended, from the manner in which the different clauses were drawn, unless great alterations should be made in them. On the clauses which related to the Nabob of Arcot and the Rajah of Tanjore, the Court submitted, that their power under the superintendence of the Board of Control, would be adequate to the settlement of those affairs; and as they entertained great doubt whether the clauses would answer the purpose intended, they submitted whether those clauses should not be left out.

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Any comment on the foregoing suggestions, which were generally adopted, would be superfluous: they evinced an intimate knowledge of the leading principles upon which the government of India should be conducted; and it will be admitted that they fully confirmed the opinion advanced by the Court of Directors, as to the benefits to be derived from the existence of a permanent body, whose experience would at all times be of the utmost importance in the conduct of the vast and complicated concerns connected with our Indian empire.

The Act of the 24th George III. cap. 25, was founded on this bill.

This Act formed a new era in the Indian system. The Board of Commissioners for the Affairs of India was then first established, and invested "with a superintendence and control over all the British "territorial possessions in India, and over the affairs of the Company in "England."

The Board were authorized and empowered to direct and control all acts, operations, and concerns, which in any way related to the civil or military government or revenues of India. The members of the Board were authorized to have access to all papers and muniments of the Company, and to be furnished with copies or extracts thereof, as they might require.

Copies of the proceedings of the Courts of Proprietors and Directors were to be sent to the Board within eight days after the holding of such courts.

Proposed despatches were to be sent up to the Board for approval, and to be returned, approved or altered, within fourteen days: and for the readier despatch of the civil and military concerns of the Company, whenever

whenever the Court of Directors failed to forward to the Board, within fourteen days after requisition, any despatch on a subject connected with the civil or military government or revenues, the Board might frame and direct the transmission thereof to India.

The Secret Committee was first established. They were required to send to India, in duplicate, such despatches as they might receive from the Board; and answers from the Governments in India were to be forwarded to the Board through the Court of Directors.

The Government of Bengal was to consist of *three* Counsellors instead of *four*, and the Commander-in-chief was to be the second member.

The Presidencies of Madras and Bombay were first established as Governments. The Governor General and Governors were to have the casting vote in Council. The King might remove or recall any British subject holding office under the Company in India.

All vacancies, with the exception of Governor General, Governors, and Commanders-in-chief, were to be filled up from amongst the covenanted servants of the Company. If the Court of Directors neglected to supply vacancies within two months from the notification of such vacancies being received by the Court, His Majesty might supply the same, and the party appointed subject to recall by the King only. Orders or resolutions, when agreed upon by the Court of Directors and Board of Commissioners, were not revokable by the Court of Proprietors.

The Supreme Government was to control the other Governments. Schemes of conquest were declared to be repugnant to the wish, honour, and policy of the nation; and the Governor General was not to make war against any Indian power, except hostilities shall have been commenced, or preparation made for such, against the British power. The

Governors,

Governors, &c. of the subordinate Presidencies liable to be suspended from office by the Governor General.

The Court of Directors were required to take into consideration all the establishments in India, with the view to all possible reductions; and a list of all offices in the civil and military establishments of the Company, with the emoluments of such, was to be laid before Parliament within fourteen days after the commencement of each session. Officers and servants of the Company were to be promoted in regular succession; and where the rule was deviated from, the Government were to record the reasons fully on the minutes and proceedings of Council.

Company's servants dismissed by any competent courts were not to be restored.

Governor General in Council might issue warrants for seizing persons suspected of illicit correspondence.

Rights of the Company and of the Crown as to the territorial acquisitions again reserved to each.

The General Court of Proprietors had hitherto taken an active part in almost every question, whether connected with the foreign or domestic affairs of the Company. They had conferred and revoked appointments of Governors, Councillors, and Commanders-in-chief, and the commissions of Government were subject to their approval. They had restored servants who had been suspended or dismissed by the Court of Directors for improper and reprehensible conduct. They had passed resolutions staying prosecutions which had been instituted by order of the Court of Directors against Company's servants. They had relieved commanders from penalties incurred for flagrant breaches of trust and gross dereliction of duty; and they had

also

also frequently defeated other measures which were recommended by the Court of Directors, as essential to the well-being of the Company's interests, and to the support of their authority in India.

The Act of Parliament relating to the dividend and the qualification of the Proprietors, the Regulating Act of 1773, and the institution of the Board of Commissioners for the Affairs of India, by the 24 George III. cap. 25, section 29, by which it was declared that no order or resolution of the Court of Directors touching the abovementioned points shall be liable to be rescinded, suspended, revoked, or varied by any General Court of the said Company after the same shall have been approved by the Board of Commissioners; all tended to lessen the power of the Court of Proprietors, and they may be said, at the present time, to confine their proceedings generally to the exercise of those rights which are more distinctly defined, *viz.*

The election of Directors;

Framing By-laws;

Declaring the dividend;

Originating or confirming grants of money beyond £600, or pensions beyond £200 per annum; and in the recommendation of any subject to the consideration of the Court of Directors.

Occasions, however, have occurred, wherein the General Court have entered on discussions, in which the measures of the Indian Governments and of the Court of Directors have been freely canvassed; and motions of approbation or censure proposed, as it has accorded with the views of the parties bringing the same under discussion.

By the Act of the 24th George III. cap. 38, the Company were for the

the first time required to keep a stock of tea on hand sufficient to meet one year's consumption. The mode was also prescribed as to the quantities to be put up, and the manner of bidding at the sales.

In 1786, the Act of the 26th George III. cap. 16, was passed, for the purpose of amending certain provisions contained in the Act of the 24th George III.

It confirmed several appointments (made by the Court of Directors) of persons, then resident in Europe, to be Councillors, and ordained that, in future, no persons were to be appointed to Council under twelve years' service. It also repealed so much of the 24th George III. as ordained that the Commander-in-chief should be Second Member of Council, and left it at the option of the Court of Directors to appoint him to such office. It conferred on the Governor-General and Governors the power to act, in certain cases, without the concurrence of their respective Councils, and all orders of Government were to be expressed as made by the Governor-General in Council or the Governor in Council. It regulated the emoluments to be derived by civil servants according to length of service; and it provided that the members of the Secret Committee, established by the Act of 1784, should be sworn.

Another Act was passed in the same year (26th George III. cap. 25), declaring that His Majesty's approbation was not necessary to the appointment by the Court of Directors of Governor-General, Governors, and Members of Council.

Another Act was likewise passed (cap. 57), amending the provisions of the Act of 1784, for appointing a distinct court of judicature to be chosen in each session of Parliament, for the trial of persons accused of offences committed in India. A clause was also inserted, declaring that

that offences against the Company's exclusive right of trade, which could only be tried at Westminster, might be tried in the East-Indies. Persons whose licenses of residence had expired, were to be subject to the same penalties as unlicensed persons, and power was vested in the Governments to seize unlicensed persons and ships.

The exclusive trade had hitherto been vested entirely in the Company; and although various attempts had been made by individuals to participate in it, it was not until the year 1788 that any organized system of opposition to the Company's exclusive privileges was acted upon. In the early part of that year, the manufacturers of calicoes and muslins in England and Scotland sent up to London delegates, for the purpose of inducing His Majesty's Ministers to interfere in protecting them against what they stated to be ruinous to their trade, from the idea which prevailed, that it was the intention of the East-India Company to increase their importation of India piece-goods; and certain propositions were submitted by the delegates, to confine the quantity to be put up to sale in any one year to that sold in 1787.

That measures should be taken by the Company to import forthwith at least 500,000 lbs. of the best Ahmood and Bengal Cotton, in the cleanest and most perfect state for the manufacturers; and that the Company should gradually increase the importation of such fine cotton and of the raw materials, as much as circumstances, and as the state of the market would admit.

That orders should be sent out to ship no more cotton-yarns of India in future, to be sold, used, or consumed in Great Britain.

That the mulmul handkerchiefs should, in future, be diminished gradually, in proportion to the increase sale of cotton-wool.

The Court, in reply to these demands, satisfactorily shewed that only one-twentieth of the calicoes, and two-fifths of the muslins which were imported by the Company, remained for home consumption: according to which, the total number of Indian white goods consumed in Great Britain, calculated on the sales of 1787 (which the delegates themselves stated to be the largest), amounted to 133,000 pieces, in the manufacture of which not quite 700,000lbs. weight of cotton was required, which was only about one-sixteenth part of the quantity expended in the goods of a similar description manufactured in this country. The Court most distinctly disavowed the charge of having, in any way, conducted their commercial concerns upon a system which had a view, either immediately or ultimately, to crush or distress manufacturers at home. The Court, however, consented to limit the amount to be brought to sale for 1789 and 1790 to the sales of 1787, amounting to 272,000 pieces, including private-trade. The Court consented to withhold any future importation of cotton-yarn. In order to encourage the trade in indigo, the same was laid open to Company's servants and others for the term of three years; and the Court sent orders for procuring and sending to England 500,000 lbs. of the best Broach and Surat cotton, or cotton of a similar description from Bengal, and to continue the same annually, provided that the Company were not too great losers thereby.

In 1790, in consequence of the great increase of illicit trade from India on foreign bottoms, the Court of Directors intimated to the Bengal Government, that they had resolved upon conceding to individuals the privilege of lading goods upon the Company's shipping.

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The difference, however, of the rate of freight required by the Company and that by the foreign vessels was so great, as to induce the merchants to incur any risk to which they might become subject by infringing the laws of their country, rather than submit to what they deemed so unreasonable a charge.

About the same period, the attention of the Court of Directors had been called by the Lords of Trade to a consideration of the export trade from Great Britain to India, and their Lordships had expressed a desire to receive from the Court every information that could be procured, respecting exports of the produce and manufactures of Great Britain to India, and the probability of increasing the amount of those exports under any mode that could be devised.

A Select Committee was accordingly appointed by the Court, which Committee made three Reports. The first, dated in September 1791; the second, in December of that year; and the third, in January 1792.

In the first Report the Committee express the satisfaction it would have afforded them, had they been enabled to suggest any means for increasing the export trade.

> The Committee stated that it was only by the natives of India that an increased consumption of British manufactures could be looked for, but that history afforded no ground for such expectation. The uniform, unvaried narrative of complaint was, that Europe has ever been drained of bullion for payment of the luxuries of the East.
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> If the situation of the Company was referred to previous to the acquisition of the Dewannee, when their views were purely commercial, and when India abounded in wealth, the Committee stated, it would be found that they laboured under extreme difficulty in the

 disposal

disposal of the manufactures and produce which they exported; and they were further obliged to send large sums in silver, sometimes to the amount of £400,000 or £500,000, to complete the investment for Europe.

In the second Report the Committee entered upon a consideration of the trade with *China*.

From the peculiar character of the Chinese, and their indisposition to admit Europeans beyond the bounds of Canton, the Committee stated as their opinion, that the only mode of increasing and extending the consumption of British articles in China was by means of the accustomed channel.

In the third Report the Committee had reference to the export trade to *Japan* and *Persia*.

The Committee trusted they should prove, that the Company had never been deterred by the want of a spirit for enterprize, and still less by a false principle of economy, from using every endeavour to extend the trade, and to cultivate knowledge and science, in every way that might prove beneficial to the British empire. The Company, the Committee observed, had long granted Mr. Orme an annuity due to his merits as an historian. Major Rennell received an annual allowance from the Company, in return for some of the ablest publications in geography which have appeared in any country. Mr. Dalrymple had been constantly employed by the Company to examine the ships' journals in the pursuit of nautical objects, and for the general improvement of navigation; and in consequence of that gentleman's unremitting attention and voluminous publications of Sea Charts, &c., the navigation of the Indian and Chinese seas was almost as well known to the Company's officers as that of the British Channel.

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As the only permanent mode of establishing a considerable commerce between distant countries consists in the mutual exchange of the commodities which each produces, the Committee expressed their opinion, that the expectation of being paid in gold and silver for the manufactures of Great Britain, in places where those metals are not produced, was chimerical. The Company had directed their particular attention (and at considerable expense) to the establishment of botanical gardens in Calcutta, Madras, and St. Helena: they had increased the culture of silk and indigo to a very great extent: they had made experiments with almost every article which India afforded, or which could be procured from the more Eastern countries; and they trusted that their recent attempts with regard to sugar would finally be crowned with success. The Literary Society established at Calcutta, under the protection of Sir William Jones, and carried on with great ability and spirit, not only embraced the literature and science of the ancient and modern inhabitants of the East, but likewise their arts, manufactures, and commerce. Indeed, the Committee stated, with regard to commerce, every commander of a Company's ship considers himself to be so far upon an exploring voyage, as to exert himself in contributing towards that large portion of nautical and commercial knowledge, compiled and published by Mr. Dalrymple.

That the great expense arising from the pursuit of those objects was not confined to regular and established disbursements, but was increased by accidental losses. The Committee restrained themselves from a more ample detail of the liberal and comprehensive plan pursued by the Company: they trusted that the specimen already given would evince that spirit of perseverance which distinguishes the system of an exclusive Company, and which had ever been directed by the East-India Company to the prosperity and welfare of Great Britain.

The

The aid and patronage of the East-India Company in the promotion of the various branches of science, more especially in those relating to botany and agriculture, connected with their territorial possessions, have been continued to the present day. The advantages arising therefrom have not been confined to this country, but have been extended throughout the Continent of Europe, from whence the strongest expressions of acknowledgment have been received by the Court of Directors.

With regard to *Persia*, the Committee stated,

That the returns could not be made in bills, and that gold and silver would augment the loss: they therefore took a short review of what Persia afforded, in order to ascertain whether any other means existed of making returns for the sale of European articles.

And under all the circumstances, the Committee were decidedly of opinion, that the export of British manufactures and produce to Persia by sea could not be increased, either by the Company or by individuals, until that empire, or the countries which surround it, should obtain the blessings of a regular and established government.

FOURTH PERIOD.

From 1793 *to* 1808—*comprising the Act continuing the exclusive trade and territorial possessions in the Company until* 1814*; granting salaries to the Board of Commissioners;—revising the provisions as to the powers of the Board, also providing for the allotment of three thousand tons for the use of the private trade;—the subsequent measures of the Indian Government and the Court of Directors on the subject of the private trade and India-built shipping;—the war in Mysore;—the fall of Seringapatam;—the Mahratta war;*

war ;—the reduction of the French force in India ;—the treaty of Bassein ; —also the treaty between France and Great Britain, as affecting the possessions of the former power in India ;—the Report of the Committee of the House of Commons in 1805, *on the accounts between the Public and the Company ;—the appointment of a Select Committee of the House of Commons, who submitted, in a series of five reports, between* 1809 *and* 1812, *statements relative to the Company's affairs.*

In January 1793 Mr. Dundas wrote to the Chairman, that as the due parliamentary notice had been given, and that the exclusive charter of the Company actually expired in the course of the ensuing session, he was desirous of having the most candid and full discussion with the Company on the different heads which would naturally suggest themselves on so important a subject.

The Company, on the 17th January, transmitted some hints which had been prepared by the Committee of Correspondence for the basis of an agreement.

The subjects for consideration were :

First, The government of India, with the conduct and management of the territorial revenues.

Second, The continuation of the Company's exclusive trade.

Third, The regulations and detail which attach to India and to Europe.

On the 17th February Mr. Dundas submitted to the Court his general ideas on the subject, but without concert with the rest of His Majesty's confidential servants.

On the first head, *viz.* " the government of India, with the conduct " and management of the territorial revenues," Mr. Dundas stated :

" I find

" I find it unnecessary to trouble you with any detail in the present stage " of the business. If the mode at present adopted for the government of " India is to be examined on any principles of general theory, it may be " liable to many criticisms; but it has been proved by experience to answer " the purpose of a successful and prosperous administration of our Indian " affairs ; and under these circumstances, it seems much wiser to found on " the basis of established systems, than to substitute in their room the most " plausible untried theories. It may, perhaps, be thought right to make " some variations on the present form of the Board of Commissioners for " India Affairs ; but as these will not vary any of the general principles by " which the business is at present conducted through a Board of Commis- " sion and the Court of Directors, it is unnecessary, in the present general " sketch of the subject, to enter more minutely into that detail."

On the second head, Mr. Dundas

" Considered that, under all circumstances, the advantages of continuing " the trade under an exclusive charter did, in his judgment, greatly out- " weigh the force of any objections which had reached him on the subject " of Indian monopoly; and that he believed that, when the subject was " canvassed to the bottom, the merchants and manufacturers of Great " Britain and Ireland, supposed to be the most interested in the dis- " cussion of the question, would concur with him in that opinion. But " that in delivering such opinion, he meant to be distinctly understood " as speaking of a regulated *monopoly*, so as to ensure to the merchants " and manufacturers of Great Britain certain and ample means of exporting " to India, to the full extent of the demand of that country for the manu- " factures of this; and likewise a certainty, that in so far as the produce " of India affords raw materials for the manufactures of Great Britain or " Ireland, that produce should be brought home at a rate as reasonable as " the circumstances of the two countries would admit of.

" The

" The great exertions and improvements which the Company had made " in the conduct of their commerce were fully admitted ; but still the clan- " destine trade continued to a great extent, and it was deemed indis- " pensable that the Company should afford additional tonnage, adequate to " the exports from Great Britain and Ireland, and to the imports from " India, and at a rate of freight so reasonable, as to satisfy the merchants " and manufacturers of this country, that the effect of the monopoly of the " East-India Company was not calculated to bring an unnecessary, and of " course unjust, burthen on the manufacturing interests of Great Britain " and Ireland.

" Looking at the general state of the Company's affairs under the third " head, the surplus might be taken at £1,200,000.

" The disposition of this, it was proposed, should be made by an increase " of the dividends from eight to ten per cent., in consideration of the many " struggles in which the Company had been engaged, and the many risks " their possessions and trade, and consequently their capital, had under- " gone ; and moreover that the eight per cent. was rather less than their " commercial dividend, upon an average, before they had obtained the ter- " ritorial revenue."

After other financial arrangements, the question came as to the right of the Public to participate in the free surplus, who, it was stated, were considered to have an irresistible claim to an ample share of the remaining surplus ; and Mr. Dundas thought

" The Public justly warranted in expecting a sum of participation not " less than £500,000, if that sum should remain after answering the other " claims to which he had allowed a preference.

" Any further surplus, it was proposed, should be appropriated so as to " operate as a guarantee for the capital stock of the Company, if from any

"accident or unforeseen calamity, either the capital itself should be dete-
"riorated, or there should not be the means of keeping up a dividend
"equal to that proposed. If such a collateral security could be carried
"into practical execution, it would tend in the highest degree, it was con-
"sidered, to preserve the credit of the Company's stock, and to protect the
"Proprietors from the danger which the uninformed or unwary amongst
"them must always be exposed to, when the stock was liable to sudden
"and unexplained fluctuations."

Pending this correspondence, the manufacturing interests engaged in the cotton trade at Manchester and Glasgow re-urged the arguments which had been advanced by them in 1788, against the importation by the Company of piece-goods from India.

The Court of Directors contended, that the circumstance which gave birth to the clamour against Indian manufactures in 1788 was not any unusual exertion on the part of the Company, any unusual quantity of Indian goods exposed to sale, nor any disposition on the part of the Public to prefer Indian to British goods, but solely the distress which involved many individuals, in consequence of their having pushed their enterprizes too far, by raising fictitious credits and circulations to an extent unprecedented.

It was urged by the cotton manufacturers, that stipulations should be made in the charter to prevent, as much as possible, the exportation and use of cotton machinery in India, invented and used in this country.

On the 25th March, Mr. Dundas forwarded the resolutions which he proposed to submit to Parliament, if he was warranted in supposing that the East-India Company acquiesced in the encouragement

thereby

thereby given to the trade and manufactures of Great Britain and Ireland, and in the suggestions held out for putting an end to the clandestine trade carried on between India and Europe; and observed:

"I have an opinion that the manufacturers will find themselves mistaken "in the prospect they have formed; but they very naturally are disposed "to confide more in their own speculations than in mine.

"I am likewise free to declare to you, that I think the East-India Com-"pany greatly overvalue the advantages of an exclusive trade to India, "for the same reasons which induce me to be satisfied that the merchants "and manufacturers of Great Britain and Ireland are under a delusion in "their expectations from a freedom in trade.

"You will observe, that in all I have said, I desire to be understood as "speaking of India, properly so called, exclusive of the China trade; for "a very superficial view of the subject must satisfy every body, that a "different mode of reasoning is applicable to these two channels of trade."

The principal point upon which a serious difference of opinion appeared to exist arose out of the clandestine trade.

On this subject it is to be observed, that the original source of the interest which British residents in India obtained in the trade between that country and Europe is to be traced to the Company's acquisition of territorial dominion in the East. Before that era the number of residents was small, they were confined solely to commercial pursuits, and the few moderate fortunes which, in a slow course of years, were to be remitted home, easily found a conveyance by the bills of the Company. The vast wealth which poured

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into the coffers of individuals upon the ascendancy of the English power in India, at the same time that their number in consequence of this great change rapidly increased there, soon overflowed the usual channel of remittance through the Company, who not having immediately adjusted their measures to the policy which this new situation of things ought to have dictated had it been regarded as permanent, nor indeed being well able at first to invest in goods even the great revenues which came into their own hands, many of the fortunes acquired by individuals found their way into Europe by foreign channels; and these channels being once opened for the remittance of British property, continued to serve, in a greater or less degree, for the same end, though the modes varied. Foreigners, at first, gave bills on Europe for the money advanced them in India, with which money they purchased the investment that carried on their Indian trade and provided the funds for the payment of those bills; but, in process of time, British resident merchants not confining themselves solely to the original object of paper remittance, became clandestinely and unlawfully parties in the trade carried on to Europe (foreign); and at length, as is supposed, in many adventures, the real though concealed principals. In which case, remittance was rather the medium of trade than the primary motive; so that they, in fact, came to stand in the place where foreigners who first received the fortunes of British subjects for bills on Europe had stood: and thus was the monopoly of the Company grossly invaded, and the trade of foreign Europe from India greatly carried on with British capital; which was an issue so little consonant with the protection and prosperity enjoyed by British residents through the

the Government of the Company, that to trace it to its remote cause is certainly not to make any sufficient apology for it.

Prohibitions were enacted, but they did not prevent the continuance of it, and the example of laws, inefficient and disregarded, became a new evil.

It was proposed, that it should be lawful for British subjects, and others living under the protection of His Majesty in India or elsewhere, to purchase goods from, or sell goods to the subjects of all nations without exception, or to act for them on agency.

To remove all doubts as to the extent of the proposed guarantee fund to the nominal or real value of the capital, Mr. Dundas stated that he never had any doubt upon the subject. He meant the real value of the capital at the rate it should be taken at in the proposed augmentation of it. If, therefore, the additional million of capital were taken at the value of two millions, the guarantee on the capital would extend to twelve millions.

The petition from the Company for a renewal of the charter being considered in a Committee of the House on the 23d April, Mr. Dundas stated:

" That the difficulties which he had experienced had arisen not only " from the importance and magnitude of the subject, but from the system " which he was to propose being in opposition to established theories in " government and in commerce. These theories, he admitted, were just " and applicable to other cases; and yet he found it dangerous to listen to " them when he was devising a plan of government and a system of trade " for British India. No writer upon political economy (he said) has, as " yet, supposed that an extensive empire can be administered by a commer- " cial association; and no writer on commercial economy has thought that

" trade

" trade ought to be shackled by an exclusive privilege. In deviating from " these principles, which have been admitted and admired, I am sensible " that my opinions have popular prejudices against them; but I am sup- " ported by successful experience; and when the House adverts to the pe- " culiarities of the subject before them, they will at once see that I am not " attempting to overturn theories, though I am unwilling to recede from " old and established practice. I wish, in the outset, to arrest the atten- " tion of the House, and to fix it on the advantages which Great Britain " actually possesses, and then to ask, whether it would be wise or politic to " forego them in search of greater advantages which may exist only in ima- " gination? It would be idle, it would perhaps be a proof of ignorance, to " maintain that all the advantages which Great Britain possesses from its " connection with India, arise out of the present exclusive privilege of the " Company; but it would be rash, and perhaps impossible, to say what " might be the political or commercial effects of a variation from the present " system. In an age of enterprize and improvement, men are unwilling to " hear of restraints; but the wisdom of the British Parliament will not rashly " relinquish a positive good in possession, for a probable one in anticipation. " —Should it here be said, that the Company is an improper instrument " for the management of an empire, I would (if they were not under the " control of the executive power and the superintendance of Parliament) " readily admit the force of the argument; but if I find them to be an organ " of government and of trade, which has experimentally proved itself to be " suited to the administration of distant provinces, the revenues of which " are to be realized through a regulated commerce, I am afraid to lay aside " a means which has hitherto answered all the political and commerial pur- " poses for which they had been employed."

On the third reading of the Bill, on the 24th May, Mr. Fox, who till then had abstained from any decided opposition, spoke strongly against

against it, and complained of precipitation and want of information. Mr. Pitt remarked, in reply:

"That it must have appeared an extraordinary circumstance to the "House, that a bill of such importance should have passed to a third "reading, with a quietness unexampled in the annals of Parliament, and "that now it should be censured with ungoverned and angry words. "The right honourable gentleman who had delivered them had perhaps "withheld his opposition during the earlier progress of the business, that "he might in the last stage of it, with collected hostility, bear it down fully "and finally. Had not his right honourable friend, in February last, "called the attention of the House to the subject of Indian affairs? Had "he not invited the manufacturing interests to bring forward their claims, "and the Company to devise means by which those claims could be "satisfied? Had not the subject for the last nine years occupied the "attention of Parliament at various periods? Had not his right honour-"able friend in successive years laid the state of the Company's affairs "abroad before the House? Had not, in each of these years, resolutions "been adopted, which marked the progressive stages of their improve-"ment? Had the right honourable gentleman forgotten, that the "principles of a free trade to India were discussed, when his own memo-"rable bill was proposed and the present system adopted? Could, then, "the right honourable gentleman complain that any thing like surprise "had been attempted? The answer was obvious. The right honourable "gentleman had avoided opposition in the detail, because he knew he "would be unsuccessful in every point."

Mr. Pitt said,

"He felt the most entire satisfaction, when he contemplated the whole "progress of the present measure, more particularly when he considered

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" the efforts which the right honourable gentleman was disposed to make
" to counteract it, had he thought it prudent to oppose his own prejudices
" to the opinions of the Public. He also asked, whether the claims of the
" manufacturers had not been listened to and provided for, and whether the
" exclusive privilege of the Company had not been rendered subservient to
" the resources of the empire?"

The Act of the 33d George III. cap. 52, founded on the Bill brought forward by Mr. Dundas, was passed. The following summary of the existing laws comprises most of the existing provisions.

The Government-general of Bengal continues supreme: the presidencies of Fort St. George and Bombay are subordinate to it. The Government of Bengal consists of a Governor-general and three Members of Council: the subordinate Presidencies, in the particular cases of concluding treaties with the native powers in India, levying war, making peace, collecting and applying revenues, levying and employing forces, and, in general, in all matters of civil and military administration, are placed under the superintendence of the Government-general of Bengal; and, in all cases, are to obey its orders, unless the Directors should have sent instructions to the contrary, not known to the Government-general; but, in such case, the subordinate Presidencies are to give the Government-general immediate notice of the same.

The civil Members of Council are to be appointed from the list of civil servants who have resided ten years in the civil service in India.

When a vacancy of Governor-General or Governor may happen, and no provisional successor appointed, it is to be filled up by the senior of the civil Counsellors till a successor shall arrive; the vacant seat in council, occasioned by this contingency, is during the time to be supplied from the senior merchants, at the nomination of the acting Governor General:

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if only one Counsellor shall then remain, the Governor General has power in case of vacancies in council, to supply them from the senior merchants, until successors duly appointed shall take their seats. In all these cases, the salaries or allowances are to attach to the acting members while in office.

In case any Member of Council shall be disabled from attending by casual illness or infirmity, provision is made to supply his place.

Upon the departure of any Governor or member of Government from India for Europe, or of any written intimation delivered in by them to such effect, such departure or writing is to be held as an avoidance of office.

The mode of conducting business in the Council Board is as follows:

The subjects proposed by the President are first to be discussed, and he is to have the power of adjourning any questions which may be proposed by the Members of the Council, but not more than twice, and not longer than forty-eight hours each time.

All orders are to be expressed as made by the Governor General in Council. Powers are given to the Governor General to act contrary to the opinions of the Members of Council; but, in such cases the Governor General is alone to be responsible. On such occasions the Governor General and Counsellors are to communicate to each other their opinions and reasons, by minutes in writing, and to meet a second time; and if both retain their first opinions, the minutes are to be entered on the consultations, and the orders of the Governor General are to be deemed valid and put in execution.

In the event of the Governor General visiting any subordinate

Presidency,

Presidency, he is vested with the power to appoint a Vice President to act in Bengal during his absence, who, with the Council, are to administer the government in that Presidency only. The authority of the Governor General, and that of his Council, are transferred to the Council Board of the Presidency where he may be present, except in judicial cases.

When the Governor General is at a subordinate Presidency, the Governor of that Presidency is only to have one voice in Council, his other authorities, except in judicial cases, becoming suspended: and if the Governor General should be in the field, all the governments and officers are to obey his orders, he alone being responsible. These extraordinary powers, however, are not to extend to the imposing of taxes, nor to any act which might not be done by the whole Council, nor to any judicial case, nor to the suspension of any standing order of Government; and these powers of the Governor General are not to be exercised by persons casually succeeding to the temporary government.

The Government is laid under restrictions to prevent war, or extension of territory, in India, unless hostilities against the Company or their allies should render war and its consequences unavoidable.

The members of the subordinate Governments who might act contrary to this decree or to the orders of the Governor General, are to be suspended from their offices or dismissed the service, besides being liable to farther punishment. The subordinate Presidencies, for the purposes of preserving uniformity in the system of government, are required with every possible despatch to communicate all matters of importance to the Supreme Government. The Governor General is vested with the power of apprehending all persons suspected of illicit correspondence, of examining and cross-

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examining witnesses, and the evidence given by them is to be recorded. Such persons may be tried either in India, or may be sent home for trial; the depositions of the witnesses, in the latter case, are to be sent home, and to be received in evidence, but subject to impeachment in respect to the competency of the witnesses.

In all cases where there may be an equality of voices, the acting President of the Council is vested with the power of giving the casting vote.

The Board of Commissioners was continued with the following additional provisions: The person first named in the King's commission was declared to be president; three members were to form a Board; officers might be appointed by the Board; the salaries to the Commissioners and officers were first authorized; those to the Commissioners were not to exceed in the whole £5,000 a-year, and to the officers of the Board £11,000, making a total of £16,000. The Board was to approve all grants of salaries beyond £200 a-year. The Secret Committee was also instituted. In 1811 the sum for the salaries and expenses of the Board was fixed at £22,000, and in 1813 at £26,000. In the latter year, also, the Board was invested with control over territorial appropriation, and the Board's confirmation is necessary to gratuities above £600, and also to the restoration of servants.

It will have been perceived, that one of the professed objects of the Act of 1793 was to remedy the abuses of the *clandestine trade:* and it proposed to do this by abrogating the former prohibitory law, and permitting British residents in India not only to act for foreigners, but to export from thence, annually, a certain quantity of goods in the Company's ships. It was intended by this last

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new privilege, to furnish a legal and patriotic channel for the trade which the fortunes of British residents carried on from India to Foreign Europe, by admitting that trade directly into the Thames. It is true that, at the period here spoken of, large channels of remittance by bills on the Company were open; and it was sufficiently obvious, that British residents, who had been carrying on a traffic in violation of the laws and their engagement with the Company, had not thereby merited new privileges: but this consideration was absorbed in the national object of bringing a trade which it was found difficult to suppress, immediately to our ports. Yet even in the way of establishing this privilege, the free merchants of India were regarded rather as secondary than as principal objects; for it was primarily conceded to the manufacturers of Britain, who were allowed to send their productions in the Company's ships to India for sale, and to bring back the proceeds in Indian goods: and the permission to lade home such goods was then also extended to British subjects residing in India. But the manufacturers made so little use of it, the privilege rested almost wholly with the residents abroad. The extent was three thousand tons annually, with a proviso for the augmentation of that quantity if necessary. Thus, for the first time, individuals were admitted by law into a participation of the trading privileges of the Company, by being allowed to send goods for sale in the Company's ships.

In the month of May 1795, representations reached the Court of Directors through the Bengal Government, of the insufficiency of the provisions of the Act of the 33d George III. in regard to the allotment

allotment of 3,000 tons of shipping for the private trade. The quantity was represented as inadequate, and the rates of freight too high. The impossibility of the merchants at Calcutta knowing what portion of the tonnage might have been previously engaged in England, or could be appropriated for parties in India, presented an insurmountable obstacle to an increased exportation from India. The remedy proposed was the employment of shipping belonging to British subjects in that country, of which there were then 30,000 tons at Calcutta, 16,000 of which had been built in India: the rate of tonnage, £12 in peace, £16 in war. The goods to be sent to London, and lodged in the Company's warehouses, and to be sold as other private trade goods, subject to the Company's duty of £3 per cent.

In June 1794, the principal merchants of Calcutta, in a body, addressed Lord Mornington, congratulating him upon his arrival in India, expressing the satisfaction with which they reflected on the fact of his Lordship having been a member of the Board of Control, whereby he must have acquired a full knowledge of every point beneficial to the territories over which he was placed, as well as to the commerce of the mother country; and urged on the consideration of his Lordship all the arguments which had been advanced in favour of a general permission for India-built ships to carry cargoes thence to London, under certain regulations, so as to secure a permanent benefit to the East-India Company, the British nation, and the nations and countries in Asia under the sovereignty of Great Britain. Such a measure, it was stated, would annihilate the illicit trade of Europe, and secure to London those

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certain advantages only to be derived from being the grand depôt of Asiatic commerce.

In March 1799, Mr. Dundas, in bringing forward the India Budget, took occasion to advert to the increase of the exports from India, and to the necessity which would arise for an extension of the means of bringing the same to British ports in British vessels.

In April 1800, he brought the question of private trade and India-built shipping distinctly before the Court, in a letter to the Chairman, dated the 2d of that month. He felt the more anxious to come forward on that subject, because it was impossible for him not to observe a shyness on all hands to come to the discussion: and he was not surprised at it, because there never was any question where those who differed went to such opposite extremes as those had done who had taken an active part in the agitation of it.

In order to avoid being misunderstood upon the general question involving the policy of continuing the union of the government and the trade in the hands of the East-India Company, Mr. Dundas expressed himself as follows, *viz.*

" In the first place, I set out with disclaiming being a party to those " opinions which rest upon any general attack of the monopoly of the East- " India Company, either as to the government or commerce of India. My " sentiments, in that respect, remain exactly the same as they were when " I moved the renewal of the Company's charter in 1793; and if any " thing, I am still more confirmed in the principles I brought forward at " that time. That a direct interference by Government in the affairs of " India is necessary for their stability and uniformity, I am more and more

" convinced;

"convinced; but that the ostensible form of government, with all its "consequent extent and detail of patronage, must remain as it now is, I am "persuaded will never be called in question by any but those who may be "disposed to sacrifice the freedom and security of our constitution to their "own personal aggrandizement and ill-directed ambition. I remain equally "satisfied, as to the propriety of continuing a monopoly of the trade in "the hands of the East-India Company. Those who maintain the reverse, "appear to me to be misled by general theories, without attending to the "peculiar circumstances of the trade they are treating of. Viewing it even "as a mere commercial question, I believe the proposition to be a sound "one; and if the trade were laid open, the supposed advantages thence "arising are at best very problematical, and would be certainly very "precarious and short-lived. It is, however, totally to forget the question, "to treat it as a mere commercial one. The same principles which prove "the necessity of the present form and mode of Indian government, evince "the necessity of the monopoly of trade. The government and the trade "are interwoven together, and we have only to recur to a very recent "experience, to learn the immense advantages which have flowed from "that connexion of government and trade. By the commercial capital of "the Company at home acting in connexion with the public revenues "under their administration abroad, they have materially aided and "administered to the wants of each other; and the result has been, the "fortunate achievement of those brilliant events, upon the success of which "depended the existence of the government, the territorial wealth, and "the trade of India."

And with regard to the scale of ships employed by the Company, Mr. Dundas remarked:

"Upon that subject there seems to be a greater abuse of terms, and a "more

" more palpable confusion of ideas, than upon almost any other part of this " complicated question, in so far as any person is loud in disclaiming against " the abuse of that great interest being confined exclusively to few hands, " who, by such a monopoly, might have it in their power to dictate such " terms as they pleased to the East-India Company. On the subject of " freights, I am as prepared as any man to join in crying down that abuse; " but I am equally adverse to the sentiments of those, who contend that the " great interest of the Company's trade is to be left to the chance of the " market at large, and that the extent of the freight is either wholly or " primarily to be the exclusive object of the Company's attention. I am " decisively of opinion, that both on views of public policy and commercial " security, the same description of ships should be continued in the Com- " pany's service, built under the same inspection and regulation, fitted and " formed in every circumstance in the same respectable way they have " hitherto been; and though every partiality and lavish extravagance is " to be avoided, a freight fully adequate to secure those advantages ought " not to be churlishly withheld.

" Having, I trust, made myself distinctly understood on those leading " points, I proceed next to say what I hold to be equally uncontrovertible, " that although the Legislature has, for the wisest purposes, given a " monopoly of trade to the East-India Company, it is a monopoly at- " tended with these two material circumstances, 1st, That the exportable " produce of India exceeds what at present the capital of the East-India " Company is capable of embracing; 2d, That the monopoly of the " East-India Company does not rest on principles of colonial exclusion; " for the trade to and from India is open to the subjects of other countries " in amity with Great Britain. We must, therefore, accurately attend to " the considerations which naturally result from these last-mentioned " circumstances."

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On the point of agency :

" If the question, by what agency is the trade of individuals to be " carried on, was to be decided on the principles of an open and free " trade, the answer would be, that every individual should send out or " employ any agent he thought best to manage his own business; but that " no agent should be employed in India or permitted to reside there, " except with the license of the East-India Company, and subject to the " control of such regulations as the habits, prejudices, and trade of the " Company might render expedient. In addition to every other consider- " ation arising out of the peculiar nature of the trade and manners of " the country, there is one decisive circumstance against the tolerance of " every unlicensed adventurer in India. It would rapidly, though insensi- " bly, lead to the settlement and colonization of the worst kind of adven- " turers taking root in that country, than which there could not be a more " fatal blow to the permanence of the British power and pre-eminence in " India. No principle ought ever to be tolerated or acted upon, that does not " proceed on the basis of India being considered as the temporary residence " of a great British establishment, for the good government of the country " upon steady and uniform principles; and of a large British factory, for " the beneficial management of its trade, upon rules applicable to the " state and manners of the country. With regard to the agents, provided " they were licensed by the Company, and subject to the control of the " regulations which the Company might see cause to establish for the con- " duct of agents in India, he (Mr. Dundas) could see no reason why those " agents might not be permitted to exercise their agency for behoof of their " constituents in any of the territories of India. He stated this even with " regard to agency exercised for behoof of foreigners trading to India. It " was clearly beneficial for the interests of India, in every point of view, " that foreigners should rather employ British agents residing under the pro- " tection of the Company in India, than that those foreign nations should

" establish agents of their own in any part of India. In the former case, " they were under the control of the Company, and bound to adhere to " such rules as the Company might think proper to lay down for the con- " duct of agency; but there could exist no such control or restraint over " the agents of the other description."

From the foregoing premises the conclusions drawn by Mr. Dundas were:

" That the surplus produce of India beyond what the appropriated " capital of the East-India Company could bring home, should be con- " sidered the means of transferring the fortunes of the servants in India " to Great Britain; and that the commerce should be managed there either " by the parties themselves interested in it, or by their agents acting under " the license, and subject to the control and regulations of the East-India " Company.

" The question which naturally followed was,—by what mode of con- " veyance is that trade to be brought home? To this he (Mr. Dundas) " replied,—by the India-built shipping.

" In supporting the propositions for the employment of India shipping, " it was enquired by the merchants and ship-owners resident in Britain, " why they should not have the same indulgences which are contended for " by His Majesty's subjects resident in India? The answer was plain and " conclusive: that in contending for that indulgence to the British subjects " resident in India, he (Mr. Dundas) was contending for a material " national interest, which was no other than this, that their fortunes, " capitals created in India, should be transferred from that country to " this, in a manner most beneficial for themselves and for the kingdom at " large, in place of being transferred through the medium of commerce by " foreigners, and thereby adding to the wealth, capital, and navigation of " foreign countries.

" Here was not a single circumstance in which that applied to the case

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" of the merchants of this country. It might be proved, if necessary, that " the only effect of giving such an indulgence to the merchants residing in " this country would be a temptation to withdraw a part of the capital of " the country from a more profitable trade, and more beneficial application " of it, in order to divert it to other trade less profitable to themselves, and " less beneficial to the public. Without, therefore, one single reason, " either of private justice or public policy, it would be introducing a rival " capital in India against the remittance trade of the East-India Com- " pany, and in competition likewise with those individuals, whose capi- " tals, by the proposed indulgence, it was wished to transfer to Great " Britain.

" It was argued, that the extension of that indulgence of the British " merchants would be an additional encouragement to the export of British " manufactures. The argument proceeded on an erroneous view of the " subject. The export trade to India could never be extended in any " degree proportionate to the wealth and population of the Indian empire, " neither could the returns upon it be very profitable to individuals. Those " who attended to the manners, manufactures, food, raiment, and the " moral and religious prejudices of the country, could be at no loss to trace " the causes why that proposition must be true. The importance of that " immense empire to this country is rather to be estimated by the great " annual addition it makes to the wealth and capital of the kingdom, than " by any eminent advantages the manufacturers of the country can derive " from the consumption of the natives of India. He (Mr. Dundas) did " not mean to say that the exports from this country to India had not been " very considerably increased of late years, and he made no doubt that, " from recent circumstances, they might be still considerably increased; " but, from the causes already alluded to, the prospect must be always a " limited one; and he was positive that the shipping and exertions of the " East-India Company, joined to the return cargoes of the ships which " brought home the private trade of India, was more than adequate to any

 " present

"present or future increase of export trade that this country could look "to upon any rational ground of hope."

The foregoing extracts, though long, are too interesting to be omitted. They contain on points of much importance, the matured opinions of a nobleman, who was unquestionably more conversant with Indian subjects, and the principles upon which the affairs of that vast and increasing empire had been and should continue to be governed and conducted, than any other individual of modern times. The very effects predicted by his Lordship as to remittance and the increased trade, are now most severely felt by the Company, their servants, and the private-traders themselves.

The letter was referred to a Special Committee, who made an elaborate report to the Court on the 27th January 1801: and on the 1st February the Court passed fifteen unanimous resolutions comprehending the principal matters of the report. To these Mr. Dundas replied on the 21st March, and stated:

"That it was upon the principle and basis of the measure where he still "had the mortification to find himself in a difference of opinion from those "whose integrity and talents he was equally bound to acknowledge; and "that radical difference was the more to be regretted, because the great "object of solicitude which both parties entertained was precisely the "same. They were both strenuously maintaining, that the preservation "of the monopoly of the East-India Company was essentially requisite for "the security of every important interest connected with our Indian "empire; and so deeply was he impressed with the truth of that propo- "sition, that although the first formation of an East-India Company "proceeded upon purely commercial consideration, the magnitude and "importance to which that Company had progressively advanced was so "interwoven with the political interests of the empire, as to create upon "his mind a firm conviction, that the maintenance of the monopoly of the

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" East-India Company was even more important to the political interests
" of the state than it was to the commercial interests of the Company.

" That with this strong conviction he had reviewed his opinions with
" the most jealous attention; and he had weighed with the most anxious
" care the arguments of those, who supposed that the system he had re-
" commended was likely to produce any inconvenience or danger to the
" rights, privileges, and exclusive interests of the East-India Company.
" But it was his misfortune to view the subject in an opposite light. If any
" thing could endanger that monopoly, it was an unnecessary adherence
" to points not essential for its existence: and, on the other hand, if it
" were seen and felt by sober, thinking, and wise men, that every facility
" was given spontaneously by the Company, which could be given con-
" sistently with their commercial interests and the political welfare of the
" state, that consideration would present an impregnable rampart against
" any attack which, at any time, either the secret or the avowed enemies
" of the Company might be disposed to make against the system of Indian
" government established in connection with the exclusive charter of the
" East-India Company."

During this correspondence between Mr. Dundas and the Court of Directors, a letter was received on the 2d March 1801 overland from Calcutta, dated the 30th September 1800, from the Marquis Wellesley, submitting a view of the urgent considerations which had determined him to adopt the temporary arrangements for the current year which he had introduced in October 1798, and expressing a hope that the Court would speedily confirm his proceedings, by a permanent system of regulation founded upon similar principles. His Lordship stated:

" Your Honourable Court will observe, that the expected amount of
" the tonnage of 1800-1 is inadequate to the demand in India, and that

" a large proportion of the gruff goods belonging to the Company at this " Presidency, and nearly the whole of the private goods for which the " Company is bound by law to furnish tonnage, cannot be shipped during " the season 1800-1 for England, unless ships built in India shall be em- " ployed between this port and that of London.

" The employment of ships built in India between this port and that of " London is, therefore, no longer merely a question of expediency or of " liberal commercial policy. The deficiency of the tonnage expected from " Europe, reduces me to the extreme necessity of providing a large pro- " portion of Indian tonnage for the service of the present season, in order " to secure the conveyance of the heavy articles of your investment and " to fulfil your legal obligations. The only question on which I retain the " power of exercising a free judgment with relation to this subject, is " confined to the mode of obtaining the necessary tonnage for these indis- " pensable purposes."

The dissensions on the subject continued between the Board and the Court. Paragraphs proposed by the latter were rejected by the Board, as being opposed to the views which had already been submitted by the President. The papers were printed and laid before the Proprietors.

On the 12th of June the House of Commons called for a copy of all the papers connected with the subject of private trade. It was on that day that Mr. Dundas, as the last act of his Indian administration, laid before the House a statement of the Company's finances.

The Court, on the 15th July, sent up to the Board of Commissioners paragraphs for Bengal, intimating that it was their intention to have detailed the grounds upon which they disapproved the plan suggested by the Governor General, but in consequence of

of a motion in Parliament on the subject, they confined their directions to the trade and intercourse of individuals in India with this country being governed by the Act of 1793. The Board altered the paragraphs, leaving out that part which had reference to the conduct of the Governor General, conceiving

" That it would be unnecessary to send out paragraphs, the tendency of " which might be to occasion uneasiness in the mind of the Governor " General, who had, no doubt, acted upon the occasion in the manner " which he conceived would be most for the advantage of his employers."

The Court on the 23d July sent up an amended draft, still disapproving the conduct of the Governor General.

On the 31st July Mr. Addington, then Chancellor of the Exchequer, addressed a letter to the Court, referring to an advertisement for building ships for the Company's service, and stating that he was induced by a strong sense of public duty to represent to the Court the inexpediency of entering into such contracts, until the very important subject which had recently occasioned a correspondence between the Commissioners for the Affairs of India and the Court, had undergone the investigation and discussion, which it might be presumed would take place in the ensuing session of Parliament.

The Board on the 4th August returned the paragraphs sent on the 23d July, disapproved; and substituted other paragraphs, accompanied by observations.

The lengthened discussion terminated in a despatch in the Commercial department to Bengal, under date the 16th June 1802, which conveyed instructions for providing ample means for the shipment of the private trade from India.

In 1802, Lord Cornwallis was nominated to represent the British nation at the negociation to be carried on at Amiens for a definitive treaty of peace between the two nations. Considerable anxiety was manifested for the conclusion of the treaty, and various questions were put to the Minister in Parliament. One of the propositions brought forward by M. Joseph Buonaparte related to the augmentation of the French commerce and territory in India. Various papers were moved for in both Houses previous to the discussion on the treaty, which was fixed for the 13th May 1802. In the House of Commons on the 12th May, Dr. Laurence moved for certain papers relative to India, including an account of the acquisitions made, or pretended to be made, by his most Christian Majesty on the coast of Coromandel and Orixa, between the years 1748 and 1763. Mr. Dundas opposed the motion. He remarked, that

" With regard to European powers, we could say freely and dis-
" tinctly, we had gained our possessions in India by our arms, and by
" our arms we would keep them. When he observed that we should not
" prevent the French trading, he meant that he was not afraid of them as
" merchants; he was not unwilling to give them a boon as such, but he did
" not think he was going too far in desiring to guard against that which he
" knew the French had endeavoured to make, and will endeavour to make,
" if they see any probability of success—he meant an encroachment on our
" sovereignty in India. This they have done; and if an opportunity offers
" they will do, under the pretence of pursuing trade. They will ask to be
" allowed to do a number of things for the purpose of carrying on trade, when
" their object will be to encroach upon our sovereignty. It was in this way
" they endeavoured to encroach upon us in 1787, when they told us they could
" not recover their debts without a certain enlargement of power; we resisted

" that

"that distinctly, and he hoped such would be the conduct of this country in "future."

The very first article insisted upon by Lord Auckland in 1787, was,

"That nothing in the most distant degree touching our sovereignty in "India, would, on any terms or conditions whatever, be assented to on the "part of this country; and he hoped it was not presumptuous in him to say, "that he trusted His Majesty's Government would adopt the same principle, "and stand upon the same ground as we did then: if we did so, he would "venture to say there would be no danger; depart from that principle, "and our sovereignty in India would be first undermined, then attacked, "and perhaps overthrown."

On the 8th May 1805, a Committee of the House of Commons was appointed to take into consideration the account between the Public and the East-India Company, arising out of the expedition to the French Islands, the Cape of Good Hope, the intended expedition against Manilla, the expenses incurred on account of the purchase of vessels for His Majesty's navy, the capture of the Danish settlements in India in 1801, the extraordinary expense by the expedition to Egypt, and the balance of property in Ceylon.

The Committee reported on the 26th June following: their report was ordered to be printed. The investigation embraced a period of ten years, from 1794 to 1803; during which commissions had been appointed at three different times on the part of the Treasury and the East-India Company, for the purpose of considering the most equitable mode of adjusting the account. The minutes of those meetings formed part of the appendix attached to the report. The first, dated 1st January 1803,

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when the Right Honourables Charles Bragge and Nicholas Vansittart, Esq., were appointed by the Chancellor of the Exchequer and the Lords of the Treasury, on the part of Government; and Jacob Bosanquet, Esq., Deputy Chairman, and Sir Hugh Inglis, Bart., on the part of the East-India Company: in December 1804, and January 1805, the meeting was held between the Right Honourables Charles Long and William Dundas, and the Deputy Chairman (Charles Grant, Esq.) and Sir Hugh Inglis, Bart. The Committee reported that a balance of about £2,200,000 was owing by the Public to the Company; but as the detail would require revision, they recommended that £1,000,000 should be provided in the supplies of the year, to be voted to the Company; which sum was accordingly voted on the 29th June. Another million was voted in the following year, on the report of the accountant named by the Lords of the Treasury on the part of the Public.

FIFTH PERIOD,

From 1808 *to* 1830. *Comprising the five reports of the Select Committees of the House of Commons on India affairs:—the opening of the negotiation in* 1808 *for a renewal of the Company's exclusive privileges;—the capture of the Moluccas, the French Islands, and the island of Java;—the evidence before the House of Commons and the Committees of the Lords and Commons, which ended in the Act of* 1813, *continuing to the Company the territorial revenues and government with the China trade to* 1834, *including three years' notice, but opening the trade with India, and empowering the Board, in the event of the Court's refusal, to license persons and ships to proceed to India;—the separation of commercial and territorial accounts;—the allotting from the Indian revenues to a Europe investment a sum equal to that paid in England on account of political disbursements for India, instead of a fixed sum of one million*

million sterling as before;—the appointment of a Bishop and Archdeacons for India;—the review of the civil and military establishments;—the embassy to China;—the correspondence with the Board as to permitting an entrepôt in the Eastern Archipelago for Tea;—the Committee of the Lords on the foreign trade of the country, and their reports on the British trade with Asia;—the subsequent Acts as to the trade, passed under the power reserved in the Act of the 53d George III., permitting a circuitous trade;—a direct trade to Gibraltar and Malta;—an enlargement of the Circuitous Trade Act;—a repeal of the size of the ships, which had been fixed at 350 tons;—the abolition of licenses for ships;—the consolidation of the Trade Acts; the final settlement of accounts between the Public and the Company;—the agreement of the Company to pay £60,000 per annum for retiring pay and pensions;—the erection of a Supreme Court at Bombay;—the revision of the pensions to the Bishops, Judges, and Archdeacons;—the Act as to criminal justice in India, also as to insolvent debtors and juries;—the Nepaul, Pindarrie, and Mahratta wars;—the Burmese war, and the siege and fall of Bhurtpore.

On the 18th April 1808, a petition was presented by the Company to Parliament, setting forth the various expenses which had been incurred by them, for expeditions from the continent of India to the French, Dutch, and Spanish islands in the Indian seas, under instructions from his Majesty's Government, and to Egypt, and the claims which the Company had on that account. They stated the actual amount of their property in England, and that they did not request the interposition of the House to aid them, without shewing their unquestionable ability to discharge all their present debts in England, the property of unsold goods in their warehouses being £7,815,000.

The Chancellor of the Exchequer having stated that his Majesty recommended the petition to the consideration of the House, it was

referred

referred to the Select Committee appointed on the 7th March, to examine and report.

On the 15th May, Sir John Anstruther, as chairman of the Select Committee, delivered in their Report, which was ordered to be printed.

That report forms the first of a series of five reports laid before the House of Commons, on the affairs of the East-India Company, from the year 1808 to 1812 inclusive.

The Committee offered it as their opinion, that the state of the Company's affairs, as exhibited in the accounts, was to be traced to a combination of various circumstances connected with the wars in which they had been engaged in India, as well as with the general state of warfare in which a large portion of Europe had for a long period been involved. In adverting to that part of the petition wherein the Company represented their ability to discharge all their debts in England, and to repay whatever the House might think fit to assist them with, the Committee stated, that they felt it to be their duty carefully to investigate that part of the subject, and that they had no difficulty in giving their opinion, that there would remain in this country assets to an amount considerably beyond what the then exigency of the Company's affairs appeared to demand, as security for any advance to the extent which Parliament might think fit to grant.

The report was referred to the Committee of Supply on the 13th June. On the 14th, £1,500,000 was granted to enable his Majesty to pay the same to the East-India Company, on account of the expense incurred by them in the public service.

On the 30th September 1808, Mr. Dundas addressed a letter to the Chairs from Melville Castle, adverting to the subject of a renewal of the

Company's

Company's exclusive privileges, and to a continuance of the system of government of the British territories, which had been the subject of frequent consideration and discussion, and expressing his opinion, that it would be advisable to ascertain whether the Court of Directors were desirous of agitating the question at that time, and of submitting it in all its details to Parliament.

The letter was read in a Secret Committee of Correspondence on the 5th October, and again on the 12th, when a letter from the Chairs to Mr. Dundas was agreed to, stating it as the opinion of the Committee, as well as their own, that the interests of the Public as well as of the Company would be best consulted by continuing the present system, trusting that there would be no disposition to introduce any change that would alter or weaken the main principle and substance of a system, essential to the due management and preservation of India.

On the 7th December the above-mentioned letters and the proceedings of the Committee of Correspondence were laid before the Court, and approved unanimously.

On the 16th December a letter from the Chairs to Mr. Dundas was approved in the Court of Directors, intimating the concurrence of the Court in the letter from the Chairs of the 12th October, and suggesting that, under the present system of government, with a regulated monopoly trade, the territories had been improved, and the security and happiness of the vast population signally increased. It had established salutary checks for the exercise of authority lodged in this country over the Indian administration, and for all its details, political, judicial, commercial, and financial, had produced servants, both civil and military, of distinguished skill and conduct. The

Court

Court therefore trusted, that no material change would be made: in which case it would be unnecessary to enter into any discussion of the right of the Company to the territorial acquisitions; a right which they hold to be clear and must maintain.

A comparison was made of the Company's situation then and in 1793. European wars had continued with hardly any intermission; wars in India had been carried on not directed by the executive body. The Indian debt had been increased from eight millions in 1793 to thirty-two millions; hence the benefits to the Proprietors expected in 1793 had not been realized: and the Court trusted that, in the formation of a new charter, especial care would be taken, that no measures would be adopted which could have the effect of reducing the value of the capital stock. The dividend on that stock, which was only equal to the legal interest of money, was all that the Proprietors had ever received from the united sources of Indian revenue and Indian commerce, whilst the country had been enriched by the long-continued influx of private wealth, and raised in the scale of nations by the political importance of the Indian empire.

The liquidation of the Indian debt was considered a matter of indispensable necessity. The aid of the public was adverted to for that purpose: the security to be found in the Indian territory and revenues.

The apportionment of the military expenses of the Indian empire between the Public and the Company was viewed as unavoidable. The heavy expense of the military establishment, particularly that of the King's troops, was insisted upon. The contemplation of India being invaded by France would make it a European war for European objects; a struggle between England and France upon the soil

of

of India: hence the national funds ought to provide for that contingency. It was considered that an early renewal of the charter would conduce to the best interests of the Company.

The foregoing observations with regard to the possibility of a war, which should bear the character of a European war for European objects, may at first sight appear to have been uncalled-for; but when it is recollected that the expedition to Manilla in 1762 was undertaken at the instance of Ministers, for the avowed purpose of despoiling Spain, then our enemy; when it is likewise remembered that the expedition to Egypt, the reduction of the French islands, and subsequently of the Moluccas and Java, were all undertaken at the instance of Ministers, in support of the views of the cabinet of Great Britain with reference to European policy, and that the Company, in consequence of those operations, became involved in an enormous outlay, which they were only partially repaid after a great lapse of time, as will be seen by the proceedings of the Parliamentary Committees of the day, the foresight and soundness of the suggestion will be admitted.

Mr. Dundas replied to the foregoing letter on the 28th December. His remarks were to be deemed preliminary, and not as the result of any plan in concert with His Majesty's confidential servants. He observed:

"That he had not yet heard or read any arguments against the continu-
" ance of the system under which the British possessions in India were
" governed, of sufficient weight to counterbalance the practical benefits
" which had been derived from it in their increased and increasing pros-
" perity, and the general security and happiness of their inhabitants. It
" was possible that the same effects might have been produced under a
" government

"government immediately dependent upon the Crown; but for the attain-
"ment of those objects the experiment was at least unnecessary, and it
"might be attended with dangers to the constitution of this country,
"which if they could be avoided it would be unwise to encounter. Any
"alteration, therefore, which might be suggested in that part of the
"system, would probably be only in its details.

It was deemed unnecessary to discuss the question of the Company's right to the permanent possession of the British territories in India. The right could not be relinquished on the part of the Public. It was admitted to be very desirable that no measure should be adopted which should have the effect of reducing the value of the Company's capital stock; but the Company's claim to remuneration from the Public, on account of war or other events, was not recognized.

Upon the liquidation of the Indian debt Mr. Dundas observed:

"If we were now called upon to discuss the right of the Public to the
"territorial revenues which have been obtained in India, either by cession
"or conquest, it would be impossible to relieve the question from the fair
"claims of the Company, and their creditors, to a reimbursement of their
"expenses, and the discharge of the debts which have been contracted in
"the acquisition and maintenance of those possessions. Entertaining that
"opinion, and convinced that the liquidation of the Indian debt, in the
"most speedy and effectual mode, would be a measure of mutual interest
"and advantage, I do not suppose that your suggestion in the fourth
"article would be objected to by Government, provided the necessity, or
"at least the expediency, of such an interference on the part of the Public
"is made obvious and apparent; and provided also, that sufficient security
"is afforded for the punctual payment of the interest, and of an adequate
"sinking fund for the liquidation of the principal of any sums advanced
"for that purpose. I need not remind you, however, that any such aid

"from

" from the Public will be unavailing, and the relief afforded by it will be
" temporary and delusive, unless by the zealous exertions of your Govern-
" ment abroad, and the minute and detailed investigation and unremitting
" attention of the Court of Directors, the ordinary expenditure in India,
" including the interest of debt, shall be brought within the limit of your
" annual income.

" If the principal theatre of the war between European nations be
" transferred to Hindostan, it must be supported, to a considerable extent,
by European resources; and if our empire in India is an object worth
" preserving, the country must contribute to its defence against any attack
" of the description which we have been taught to expect."

No reason was seen for extending the term beyond twenty years. In alluding to the trade Mr. Dundas stated, that it was fit that the Court should understand distinctly, that he could not hold out to them any expectation that His Majesty's Ministers would concur in an application to Parliament for a renewal of any privileges to the East-India Company, which would prevent British subjects, merchants and manufacturers, from trading to and from India and the other countries at that time within the limits of the Company's exclusive trade (*the dominion of the Emperor of China excepted*), in ships or vessels hired or freighted by themselves, instead of being confined, as then, to ships in the service of the Company or licensed by the Directors.

He concluded by adverting to the military system in India, which he considered

" Would require alteration, for the removal of those jealousies and
" divisions which had unfortunately been too prevalent between the
" different branches of the military service in that quarter, and which must

" at all times be particularly prejudicial to the public interest, and for " the correction of the anomalous system of divided responsibility " which prevailed in that country, in every thing that related to the " military defence of India. The only effectual remedy for those evils " would be found in arrangements for consolidating the Indian army with " the King's troops, founded upon the plan so strongly recommended by " Lord Cornwallis, with such modifications as the actual constitution of " the Company's service might render expedient or necessary. Those " arrangements needed not to be attended with any alteration of the " system of promotion among the officers of the native branch of the " service, with any diminution (they might more probably produce an " increase) of any of her professional advantages which those officers then " enjoyed. Neither would they in any degree interfere with the general " authority possessed by the Court of Directors and the Governments in " India over all His Majesty's forces serving in those parts, or with their " control over all disbursements of a military nature. He was moreover " not aware of any reason against continuing in the Court of Directors " the nomination of all cadets destined to hold commissions in the Indian " army.

" He assured the Court that it would be the earnest desire of His " Majesty's Government, to suggest to Parliament such a system only as " should be conformable to the principles on which the regulations of " 1784 and 1793 were founded, as would secure to this kingdom all the " benefit that could practicably be derived from its trade with our " possessions in India, and to the natives of those countries a government " and an administration of law, suited to their customs, habits, and " prejudices, and consistent with the British character, and which should " also be strong and efficient, without adding unnecessarily to the authority " of the executive government at home, or increasing to any dangerous " extent the influence of the Crown."

A reply

A reply to Mr Dundas' letter was approved by the Court on the 17th January. It was confined to the two points, the Trade and the Army, and intimated that, had not the letter from Mr. Dundas concluded with the declaration it did, it would have filled the Court with the deepest concern.

The Court observed, that if either of those two propositions were to be acted upon in the sense which the terms of it seemed obviously to convey, they had no hesitation in declaring their decided conviction, that it would effectually supersede and destroy not merely the rights of the East-India Company, but the system of Indian administration established by the Acts of 1784 and 1793; and with respect to the latter proposition for the transfer of the native army, it appeared to be incapable of any modification, which would not still make the overthrow of the system the certain consequence of it.

With respect to the private trade, the Court said, that the Company were not governed by narrow considerations of commercial profit or commercial jealousy, and, in fact, that the Indian trade, as an object of gain, had gradually ceased to be of importance either to the Company or to individuals. The admission into it already accorded to British residents in India, with the prodigious increase of the cotton manufactures in Europe, the changed circumstances of the European continent, and the almost incessant wars which had prevailed for the last sixteen years, had reduced the value of that trade to a very low point.

In any scheme of intercourse, purely commercial, between this country and India, the leading objects must be to export as many as possible of our home manufactures, and to import those commodities which would either beneficially supply our own consumption or the

 demand

demand of other countries, European or transatlantic, and it was no doubt imagined by many persons, that if the trade to India were perfectly free, those objects could be attained in a degree extending far beyond the then existing scale.

The times, it would also be said, peculiarly demanded new attempts and discoveries in commerce, and His Majesty's Government might very naturally wish, at such a crisis, to procure for the country every possible facility for the exertion of its commercial capital. But before a change in its principle, altogether novel and obviously connected with national objects of the highest importance was adopted, the Court observed, it ought to be seen not only on what national grounds the expectation of advantages entertained from it rested, but to what consequences so material a change might expose the country and its Indian dependencies. They contended at great length, that the entire opening of the Indian trade to the merchants of this country would not, in reality, extend in any considerable degree, if at all, the consumption of British manufactures; and that as to the productions of India valuable for foreign commerce, the trade of Europeans of different nations to all parts of it in the course of the last three centuries, might well be presumed to have left little for discovery in that way.

The reasons assigned for the period of transfer of the Indian army to the King were, that an end might be put to the jealousies and divisions which had too much prevailed between the officers of His Majesty's army and those employed by the Company, and that the responsibility in the country of providing for the military defence of India be ascertained and strengthened.

Upon this the Court stated :

" The

" The Indian army is the main instrument by which the Company
" have acquired and retained the possessions they have added to the
" British empire. The constitution and character which this Indian
" army have acquired have been the subject of just admiration. These
" have been owing essentially to the happy mixture of bravery and
" generosity, of firmness and kindness, exercised towards the Sepoys by
" their European officers. The superior lights and energy of the
" European character have directed the powers, and conciliated the
" prejudices of the native troops: but it was because the officers knew the
" people and their prejudices well. These officers had been trained up
" among them from an early age: the nature, the usages, and the languages
" of the natives were become familiar to them; and the natives,
" remarkably the creatures of habit, in return, from being accustomed
" became attached to them. Without such knowledge, however, on the
" part of the officers, they might every day have revolted the minds
" of so peculiar a race, and have alienated them from our service and
" government.

" An Indian military education from an early age is essential to the
" formation of a good sepoy officer, and gradual rise in the service by
" seniority is no less indispensable. In this way the Indian army has been
" constituted and rendered eminently efficient, and all measures tending
" to change or weaken the constituent part of this fabric are to be
" deprecated.

" The introduction of European troops from His Majesty's army into
" India altered this state of things. Young officers of no Indian experience,
" who had obtained their commission by purchase, took rank of men of
" long and tried service: the King's officers were thought to come
" in, also, for too large a share of employments and advantages. To
" redress the complaints which the Company's officers made of super-
" cessions and partialities, and to give them a better share of the benefits
" of

" of the service, was the leading object of Lord Cornwallis' plan of 1794,
" and with him a principal motive for proposing to transfer the Indian
" army to the King, no other practicable means having occurred to him.
" But the object was in substance attained by the military regulations of
" 1796, passed in concert with His Majesty's Government, without that
" transfer, of which his Lordship did not revive the idea on his last
" return to India, those regulations having given increased rank and
" retiring pay to the officers of the Company's army. The causes of
" complaint, however, did not entirely cease. To avoid the collision of
" authorities, the Company had adopted the usage of appointing the
" Commander-in-chief of the King's troops also their Commander-in-chief;
" and one consequence of this has been, that the Company's officers,
" resident from early youth in India, possessing little influence in England,
" unknown to officers of high rank in His Majesty's service, have
" thought themselves treated with less favour and distinction, than younger
" officers of that service, recently arrived but better patronized. You
" know, Sir, (said the Court) that there have been instances of this sort,
" which the Court, with the sanction of your Board, have interposed to
" repress; but as long as the British force in India is made up of two
" armies so differently constituted, with so large a portion of King's
" officers, the whole commanded by generals of His Majesty's service,
" there will probably be real or apprehended ground for the like com-
" plaints. They do not arise because one army has the honour to belong
" to the King and the other serves the Company, but because the
" constitution of the two armies is radically different, and must continue
" so, whether the armies are under one head or two. The Indian army
" cannot be maintained without officers attached to it from an early age,
" and rising by seniority. Frequent changes in King's regiments serving
" in India, and the consequent frequent arrival of young men promoted
" in them by purchase, cannot be avoided. The former class will be

" compa-

"comparatively unknown to the King's commanders: the latter will have "among them the connexions of those commanders or of men of influence "in England. It is not difficult to see, therefore, to which side the "exercise of military patronage will lean: and to prevent causes of "complaint, and to keep the balance even, must be an important object "in the government of India. It does not seem the way to effect this "to put the Indian army wholly in the power of the Commander-in-chief. "It is of the partiality of that station of which the Company's officers "have sometimes complained; and the Court see no reason whatever to "suppose that their jealousy and dissatisfaction would be removed by "putting them entirely under its control; and indeed, by placing two "armies of such different races, and so differently constituted, under the "same master, it would seem difficult to avoid attaching the idea of "permanent inferiority to that which was Indian.

"They must, at the same time, humbly express their opinion, that the "law as it now stands is wisely conceived, *since it does not halve the "responsibility but double it*, making both His Majesty's Government and "the Court of Directors fully answerable for the appointment of the "Company's Commanders-in-chief; and if it should still be said that, in "point of fact, the selection of a Commander-in-chief for His Majesty's "forces may be rendered difficult, by reluctance on the part of the Court "to accept of the same officer for the command of the Company's army, "it may be justly replied, that they make a sacrifice to the public interest, "in agreeing that the Commander-in-chief of His Majesty shall also be "the Company's: and when he is not only to command their army, but "expects to be made a member of their civil and political government, it "cannot be deemed unreasonable that they should possess the right of "satisfying themselves as to his competency for filling those high offices; "neither is it, as they think, to be shewn from theoretical reasoning or by

"an

" an appeal to facts, that the service will suffer or has suffered by their " assertion of this right.

" But the strongest objections of the Court to the proposed transfer " arise from political considerations. They conceive the continuance of " the Indian army in the hands of the Company to be essential to the " administration of the civil, financial, and political affairs of British India " according to the present system. The Company's Government has " hitherto been respected by its own subjects and foreign powers, because " it possessed a great military force. Organizing this force, enlarging " or reducing it at pleasure, appointing its officers, rewarding merit, " punishing the unworthy, providing for the comfortable retirement of " the veteran soldier and officer, and in short, exercising all the functions " of a governing power over a very numerous body of men of high " military spirit, it has possessed all the respectability and the benefit of " their attachment and fidelity.

" If the Company were to be divested of the whole of their military " force and power, if they were to be no longer masters of a single " regiment, no longer capable of entertaining any soldiers nor of giving " one subaltern's commission, if the immense body of men who have so " long looked up to them were to be transferred from them, the people " must consider their power as fallen and drawing rapidly to a close.

" But this is not the only way in which the measure in question appears " to the Court to be pregnant with danger. It proposes to place in the entire " disposal of the Crown a regular army, amounting to one hundred and forty " thousand men, commanded by above three thousand European officers, " having a great variety of places of honour and emolument, and all the vast " patronage attaching to such an army (saving the nomination of cadets) " would, mediately or immediately, be under the influence or control of " some of the members of His Majesty's Government. This would " be a signal departure from the spirit and letter of the Acts of 1784

" and

"and 1793; a professed principle of which was, that the Indian patronage, "civil and military, should be kept entirely out of the hands of the "servants of the Crown. It is not for the Court to enlarge upon a pro- "position so momentous; but they beg leave with the utmost deference "to state, that they would deem it a dereliction of duty, to which no "consideration could induce them to submit, to recommend any measure "of this description to the adoption of their constituents."

On the 28th February 1809, the Chairs reported to a Secret Committee of Correspondence, that they had had an interview with Mr. Dundas on the preceding day, when he observed, if the Company were not under the necessity of coming to Parliament on the score of their finances, he thought it expedient to delay the agitation of the subject of the charter in Parliament till next session, because the Committee of the House of Commons, which had been reappointed on the 20th February to enquire into the state of the Company's affairs, were about to examine into all the great branches of those affairs which would engage public attention on the renewal of the charter.

Nothing more is recorded of what passed until the 5th December 1809, when the Chairs, with the concurrence of a Secret Committee of Correspondence, addressed a letter, marked "private," to Mr. Dundas; stating that, from the conference the Chairs had had the honour to hold with him on the 13th February respecting the renewal of the Company's charter, they were given to understand that although His Majesty's Ministers did not deem it expedient to bring that subject under the consideration of Parliament in the session then preceding, it might in their opinion be proper to prepare for the agitation of it in the next following one: they therefore begged to state

 that,

that, in their opinion, it was desirable that the discussion concerning the renewal of the charter should be brought forward in the ensuing session, both on account of the general situation of the Company's affairs, and also on account of the particular pressure on their finances (arising chiefly from the transfer of certain sums of the Indian debt to England); and therefore proposing, that the discussions between him (Mr. Dundas) and the Court on the subject of the charter should be resumed, from the point at which they were left by the letter addressed to him by the Chairs under date the 13th January 1809.

On the 13th April 1810, a petition was presented to the House from the East-India Company, setting forth

The excessive and unexampled drafts made on them from India in the two last years, amounting to £4,707,946, part of the Indian debt incurred on account of wars and expeditions, pointing out the calamities which had befallen the Company's shipping, to the extent in value of £1,048,077; a loss in no way imputable to any want of care in the Company. That as the unavoidable disbursement of the Company, from the 1st March 1810 to the 1st March 1811, would exceed the probable amount of their receipts by £2,038,948, which sum it would be disadvantageous for them to raise by the increase of their capital, they prayed the House would grant such a vote for their relief as they might see fit; the Company's property and effects in England exceeding the amount of their debts, including the heavy and unusual drafts from India before-mentioned, by the sum of £4,842,145.

The Chancellor of the Exchequer, by His Majesty's command, having acquainted the House that his Majesty had been informed of the contents of the petition and recommended it to the House, it was referred to the Select Committee appointed on the 20th February.

On

On the 11th May, Sir John Anstruther laid before the House a report from the said Select Committee, which was ordered to be printed. On the 14th of that month another petition was presented from the Company, praying leave that, as the time was past for presenting petitions for private bills, the House would permit a petition to be presented, praying the House to take the pecuniary claims of the Company into consideration. Leave was accordingly given.

On the 23d May, the report from the Select Committee laid before the House on the 11th, was referred to a Committee of the whole House.

On the 3st May, Mr. Robert Dundas brought the subject before the House.

Having represented the difficulties in which the Company were involved by the heavy drafts on account of the Indian debt, and stated, in reply to an observation as to the Company being bankrupts, that the affairs of the Company could not be considered as a mere mercantile concern; that they were not to be considered as bankrupt, because their commercial profits in this country could not answer all the demands for India bills; that it might as well be said that the country was bankrupt because it could not at once discharge a debt of six hundred millions of pounds; he moved that the sum of £1,500,000 be granted to the Company by the Public, to be repaid on or before 1st January 1812: which was agreed to by a majority of seventy three to ten.

The Act 50th Geo. III. cap. 114, brought in in consequence, received the royal assent 20th June 1810.

On the 4th April 1811, the House of Commons ordered that the Speaker should, on the 10th of that month, signify by writing to

 the

the East-India Company, the resolution of the House as to the three years' notice and the redemption of the arrears of annuity due from the Public to the Company of £1,207,559. 15*s*. The notice was accordingly given by the Speaker, through his secretary, to the Court of Directors, on the 10th April, in the form following:

The Court being informed that the Secretary to the Speaker of the House of Commons was in waiting, he was introduced to the Court, and delivered to the Chairman the following resolution and order of the Honourable House of Commons, *viz.*

" Whereas upon Thursday the fourth day of this instant April, the House
" of Commons came to a certain Resolution, which is as followeth:

" ' Resolved, That notice be given that the sum of one million two hun-
" ' dred and seven thousand five hundred and fifty-nine pounds fifteen
" ' shillings, and all arrears of annuity payable in respect thereof, being
" ' the remainder of the capital stock, debt, or sum due from the public
" ' to the United Company of Merchants of England trading to the East-
" ' Indies, will be redeemed and paid off on the 10th day of April 1814,
" ' agreeable to the power of redemption contained in an act made in the
" ' thirty-third year of the reign of his present Majesty King George III.
" ' intitled, "an Act for continuing in the East-India Company for a further
" ' term the possession of the British Territories in India, together with their
" ' exclusive Trade under certain limitations; for establishing further Regu-
" ' lations for the Government of the said Territories, and the better Ad-
" ' ministration of Justice within the same; for appropriating to certain
" ' Uses the Revenues and Profits of the said Company, and for making
" ' Provision for the good order and government of the Towns of Calcutta,
" ' Madras, and Bombay."

" And

" And whereas the House of Commons thereupon ordered, that the
" Speaker do, on the tenth day of April 1811, signify by writing to the
" United Company of Merchants of England trading to the East-Indies the
" said Resolution of the House :

" I do hereby signify the said Resolution accordingly.

" Given under my hand, the tenth day of April 1811.

" CHAS. ABBOTT, Speaker."

" To the United Company of Merchants of England
" trading to the East-Indies."

The Chairman then requested Mr. Rickman, the Speaker's Secretary, to present the compliments of the Court to Mr. Speaker, and to acquaint him his notice had been duly received.

The Third Report from the Select Committee appointed to inquire into the affairs of the Company was laid before the House by Mr. Wallace, and ordered to be printed on the 21st June 1811. In this report the Committee entered into a further examination of the receipts and expenditure of the Company, more especially of the receipts and disbursements which might be termed EXTRAORDINARY.

In adverting to the application of the funds the Committee observed, that the accounts would doubtless be considered by the House as a display of order, regularity, and precision, as satisfactory as could be expected in the management of the extensive and complicated finances of that great empire.

In adverting to the Indian Debt, the Committee considered it as due to those entrusted with the government of India to state, that the growing amount of that debt had from a very early period been the subject of their most anxious attention.

The first recorded proceeding after the 5th December 1809, was a

letter

letter from Lord Melville of the 17th December 1811, in which his Lordship referred to an understood wish of the Court, that a proposition should be submitted to Parliament in the course of the ensuing session for a renewal of the Company's exclusive privileges, and adverted to the Court's reply of the 13th January 1809, to his letter of the 28th December 1808, in which they declined to advise their constituents to seek a renewal of their charter, on conditions which would despoil it of all its solid advantages, deprive the Company of their most valuable privileges, and incapacitate them from performing for themselves and the nation the part hitherto assigned to them in the Indian system.

" His Lordship did not feel it requisite, in that stage of the business, to
" enter upon a minute examination of the arguments from which that conclu-
" sion was drawn.

There were two points, however, of considerable importance.

The *first* related to the transfer of the Company's army to the Crown: a measure which had been frequently suggested by persons intimately acquainted with the military concerns of the Company, and whose opinions were entitled to great consideration.

" It was impossible, however, not to admit that several weighty objections
" to such a change were stated in the letter of the 13th January 1809.
" Events which had since occurred must also have an influence in
" deciding that question, and might possibly suggest the expediency
" of adopting other measures for promoting the discipline and efficiency
" of the army in India."

The *other point,* was the proposition for enabling the Company to meet the heavy demands which were then expected, and which, to a certain extent, had since come upon them, by the transfer of their Indian debt to this country.

In

In the King's speech at the opening of the session on the 7th January 1812, the attention of Parliament was directed to the propriety of providing such measures for the future government of the British possessions in India, as should appear from experience and mature deliberation "to be calculated to secure their internal prosperity, and "to derive from those flourishing dominions the utmost degree of "advantage to the commerce and revenue of the United Kingdom."

An answer was unanimously approved, dated the 4th March, to Lord Melville's letter of the 17th December.

The Court stated,

"That as they understood His Majesty's Ministers had made up their "mind not to hold out to the East-India Company a continuance of the "existing system of trade with India, they would reluctantly offer this "measure to the consideration of the Proprietors, with whom alone the "power vested of consenting to such a fundamental change in the constitution of the Company. In communicating, however, their sentiment "of reluctance by which the determination of the Court to submit the "propositions in question to the Proprietors of East-India Stock was "accompanied, the Court hoped it would be clearly understood, that that "determination arose from a presumption that such military powers as "were vested in the Company would be left unimpaired, which could alone "induce them to entertain an expectation of their being able, in a manner "satisfactory either for the Company or the Public, to perform the part "which had been assigned to the Company in the government of a distant "empire; also that such regulations would be adopted, as would prevent "the highly dangerous intercourse with Europeans in the East; and that "such an arrangement would be made in respect to pecuniary matters, as "would enable the Company to meet with confidence the present state of "their affairs. The Court also hoped that, in the extension of the trade "which the Company enjoyed, His Majesty's Ministers had not had in

"view

" view the hazardous experiment of dispensing over all the ports of England
" and Ireland, a trade then brought, with so much andvantage to the
" Company and the Public, to the single port of London."

The Court then entered into a refutation of the charges brought against them on account of the repeated calls which they were accused of having made upon the Public. They stated:

" That large and necessary outlays, in fact, constituted the source of the
" Company's embarrassment. A considerable part of the money raised in
" India upon periodical loans to meet that outlay, had by the terms of those
" loans been made payable, if required, in England, and in consequence of a
" general reduction of interest from eight to six per cent. being at once
" thrown upon the Company for immediate payment in Europe, a sum which
" without the aid of Parliament it was impossible to discharge. Of that large
" expenditure, sanctioned, and in many cases specifically directed by the
" Minister of the Crown, it might with justice be asked, what part had been
" incurred for the partial or exclusive advantage of the Company? It was
" evident that the whole concern had been begun and continued by private
" exertions alone; nor had the Proprietors received by any means an ade-
" quate recompense for those exertions: they had scarcely derived more
" benefit than the mere interest-money."

In the second place, it had been often urged

" That the Company had been favoured during their exertions with an
" exclusive trade, and that the nation had thereby lost an opportunity of
" extending their commercial enterprizes over a large quarter of the globe.
" During part of the period, from 1768 to 1812, the Public had received
" in direct contributions from the Company a sum not falling short of
" £5,135,319."

With respect to the immediate produce of the trade to the Public,

" The Court believed it would bear comparison with that arising from any
" other

" other distant possession. It produced in the preceding year to the Public " the large sum of £4,213,425; *viz.* in customs, £759,595, and in excise, " £3,453,830; and although that return to the Public was larger, as the Court " had reason to think, than the return from any other trade, it had at the same " time been collected with a facility unknown to other concerns: an ad- " vantage which had been obtained partly by the progressive enactments of " regulations the fruit of many years' experience, and partly by the concen- " tration of the trade in a single port, and the prevention of smuggling which " had been the consequence of it.

" But what had never yet been fully estimated in the existence of the East- " India Company was, that the whole of those returns had been brought into " the Exchequer of the Public, without the Public having been called upon for " any direct contribution for the preservation of the source whence they have " had their rise; whilst the possessions of the Crown in every quarter of the " globe had drawn from them a considerable sum for their support in troops."

A Deputation which had been appointed by the Court on the 2d March, waited upon Lord Melville on the 4th of that month, with hints and observations which had been approved by the Committee of Correspondence.

" HINTS

" *Approved by the Committee of Correspon-* " *dence, and submitted to the Consideration* " *of the Right Honourable Lord Melville.*

" That the renewal of the Charter " shall proceed upon the basis of the " Act of 1793, and that no greater ex- " tension of the trade shall be granted " than what was allowed by that Act; " but the Deputation are ready to re- " commend

" OBSERVATIONS

" *Of the Right Honourable Lord Melville on* " *the Hints submitted to His Lordship's* " *Consideration by the Deputation of the* " *Court of Directors,* 3d *March* 1812.

" Hints.	" Observations.
" commend to the Court of Directors, " and ultimately to the Court of Pro- " prietors, to admit such modifications " as may be deemed necessary to give " greater facilities to the private trader.	
" 1. No British or Indian ship to " sail, directly or circuitously, from a " British port in Europe to China. " 2. No British subject to be per- " mitted to reside in China, without " the Company's license. " 3. No goods, the growth or pro- " duce of China, to be imported into " any of the ports of the United King- " dom, except by the East-India Com- " pany.	" 1, 2, and 3. It is deemed advi- " sable, with a view to the security of " the revenue and to other objects con- " nected with the trade to China, to " leave it on its present footing, and " to guard, by proper regulations, " against any encroachment on that " branch of the Company's exclusive " privilege.
" 4. The power of levying duties in " India upon British subjects, and the " subjects of foreign nations, to be " continued to the Company, upon the " footing on which it at present exists; " and the same power, with respect to " British subjects, to be extended to " the districts within the jurisdiction " of the courts of Calcutta, Madras, " Bombay, and Prince of Wales Island.	" 4. This proposition ought to be " acceded to; with the reservation, " however, that the Governments in " India ought to be restricted from im- " posing new duties, without the pre- " vious sanction of the authorities in " England.
" 5. Saltpetre to be considered as a " political article, and to be confined " exclusively to the Company.	" 5. The Company are understood " to have, in some degree, the power " of regulating the internal trade of " saltpetre

" Hints.	" Observations.
	" saltpetre in India; it appears, there- " fore, to be scarcely necessary to im- " pose any other restrictions on the " exportation of saltpetre from India, " than such as may be deemed expe- " dient for political objects, especially " in time of war.
" 6. The whole of the Indian trade " to be brought to the port of London, " and the goods sold at the Company's " sales, and to be, as at present, under " the Company's management.	" 6. The adoption of the regulation " suggested in this proposition, will " probably tend to the security and " advantage of the public revenue, in " collecting the duties on all articles " imported from the East-Indies and " China, as well as other countries to " the eastward of the Cape of Good " Hope.
" 7. The three per cent. now paid " to the Company by the private tra- " ders, from the warehousing and ma- " nagement of the private trade, to be " increased to five per cent.	" 7. The Company ought at least to " be indemnified from the charges in- " curred by this management.
" 8. No private ship to be permitted " to sail for India, except from the " port of London.	" 8. There does not appear to exist " any sufficient reason for preventing " ships from clearing out for the East- " Indies from other ports in the United " Kingdom besides the port of Lon- " don.
" 9. No ship to be permitted to sail, " except under a license from the East-	" 9. It will be necessary, either by " the regulations suggested in this pro-

" Hints.

" India Company. Ships obtaining this
" license, to deliver one copy of their
" journals at the East-India House;
" and the license to contain such
" clauses, as may be likely to prevent
" an unlimited or improper intercourse
" of individuals with India.

" 10. Fire-arms, military and naval
" stores, to be prohibited articles.

" 11. Existing restrictions, with re-
" spect to the article of piece goods,
" to be continued.

" 12. It being desirable, as well for
" the Public as for the Company, that
" the

" Observations.

" position, or by others of a similar
" description, to guard against the
" evil therein described.

" 10. It will probably be necessary
" to regulate the exportation of mili-
" tary stores to the East-Indies, and
" also of naval stores in time of war.

" 11. It is understood that the ob-
" ject of this proposition is to secure to
" the manufacturers of piece goods in
" India the continuance of regular and
" constant employment, under the
" same system of local management,
" for their benefit, which prevails at
" present. If that object is likely to be
" attained, without continuing the re-
" strictions mentioned in this proposi-
" tion, it certainly would be desirable
" that they should cease, except in so
" far as it may be necessary to regulate
" the importation of Indian piece
" goods, with a view to the protection
" of British manufactures.

" 12. As no such restriction exists
" at present in the importation of silk
" by

"Hints.

"the quality of the silk grown in India "should not be deteriorated, it is submitted that this article be confined "to the Company.

"13. The ships of private persons "to be subject to the same regulations, "in respect to convoys, &c. as those "belonging to the Company.

"14. No private ship to be permitted to sail, either from Great Britain "to India, or from India to Great "Britain, of a less burthen than four "hundred tons.

"Observations.

"by private merchants, and as the "reasons which have hitherto been "adduced, on the part of the Court of "Directors, for establishing such a "regulation, though entitled to much "consideration, do not appear to be "conclusive, it will scarcely be deemed expedient to agree to this proposal.

"13. This suggestion appears to be "perfectly reasonable.

"14. It is understood, that this "proposition is founded on a principle "of guarding against the dangers to "which vessels of less burthen than "four hundred tons would be exposed "on a voyage to the East-Indies, and "also of providing for the security of "the revenue, which might be affected by permitting importations in "smaller vessels. These reasons, "though entitled to due consideration, do not appear to be sufficiently "strong to justify the proposed restriction, or the making a distinction, "in that respect, between ships trading to the East-Indies and to other "countries.

"15.

" HINTS.

" 15. The Company to be subject " to no obligation with respect to ex- " ports to India, except in common " with the private traders.

" 16. The Lascars and Chinese sai- " lors brought home in private ships, " to be placed under proper regula- " tions. Not, upon any account, to " be suffered to wander about the " streets of London. Good treatment " to be secured to them, and the " Company to be enabled, by some " summary process, to recover the ex- " penses to which they shall be subject- " ed, in the event of neglect on the " part of the owners of such ships in " these respects.

" 17. The Company to be indemni- " fied for their unexpired engagements " for extra shipping, provided for the " accommodation of the private traders.

" 18. An unrestrained intercourse " with

" OBSERVATIONS.

" 15. This seems to be reasonable.

" 16. It will be necessary to pro- " vide, by proper regulations, for the " care and maintenance of these per- " sons, and for their return to the " East-Indies.

" 17. This proposal would be wholly " inadmissible, unless it were limited to " such unexpired engagements as do " not extend beyond March 1814, when " the Company's present term of ex- " clusive privileges will expire; but the " Public may fairly look to the Com- " pany to bear this burthen, as a com- " pensation, to a certain extent, for " the continuance of the exclusive " trade to China.

" 18. It will be indispensably ne- " cessary,

" Hints.

" with India to be prevented, and the " existing restrictions, with respect to " residence in India, to be continued.

" 19. The number of His Majesty's " forces in India to be in future main- " tained by the East-India Company " to be now fixed, and any troops sent " beyond that number (except at the " express requisition of the East-India " Company) to be at the charge of the " Public.

" 20. The Company to be released " from any future account with the " Pay-Office, and to be henceforward " charged, either so much per regiment " of a given force, or so much per man.

" 21. The present heavy current " and postponed demands of the Pay- " Office against the Company to be " arranged upon some footing of gene- " ral equity, and some advertance in " settling this account made to the " share which the Company have been " obliged

" Observations.

" cessary, for the purpose of guarding " against the inconvenience herein al- " luded to, that the existing restric- " tions shall be continued, with such " alterations as may be requisite, in the " new system of trade.

" 19. The number of His Majesty's " forces to be maintained by the East- " India Company may, without incon- " venience, be limited, as herein sug- " gested. It will be necessary, how- " ever, in consequence of the increased " extent of the British territories in " India, since the passing of the Act " by which the number is at present " regulated, that a considerable addi- " tion should be made to it.

" 20. It will be necessary that the " present system of accounting between " the East-India Company and the Pay- " master General should be abolished, " and new regulations enacted.

" 21. These demands must neces- " sarily be arranged on the principles " suggested by the Committees of the " House of Commons, who have re- " ported upon the subject of the ac- " counts herein referred to. If it were " necessary or proper, in discussing the " future

" Hints.	" Observations.
" obliged to bear in foreign captures " not retained by them, and to their " having been constrained to maintain " an European and native force, larger " than what was required for the de- " fence of the Peninsula, and other " heavy expenses.	" future regulations which it may be " deemed advisable to establish, re- " specting the affairs of the East-India " Company, there would be no diffi- " culty in demonstrating that the " amount of force maintained in India " has not gone beyond what was requi- " site for the defence and security of " the Company's possessions, and for " other operations, intimately and in- " separably connected with those ob- " jects.
" 22. The Proprietors to be secured, " as at present, in the receipt of their " dividend of ten and a half per cent., " upon the faith of which dividend the " capital in 1793 was raised.	" 22. The Proprietors ought to be " secured, as at present, in their divi- " dend of ten and a half per cent.
" 23. The whole of the surplus of " the East-India Company to be appro- " priated to a diminution of their debts, " until the debts be reduced to the sum " of ten millions sterling.	" 23. The whole of the surplus funds " of the East-India Company, at home " and abroad, ought to be applied, in " the first instance, to the reduction of " debt, till it is reduced in India to the " sum of ten millions, and the bond " debt at home to the sum of three " millions, after providing for a pro- " portionate increase of the capital " stock of the Company, if they shall " think fit to avail themselves of the

" power

" HINTS.

" 24. The sums required by the " East-India Company to liquidate the " debt transferred from India to Eu- " rope, and becoming payable in 1812 " and 1813, to be funded by the Mi- " nister, the interest of which shall be " regularly paid into His Majesty's " Exchequer by the Company, together " with any such per-centage, for the " gradual liquidation of the capital or " redemption of the fund, as shall be " deemed proper by His Majesty's " Ministers.

" The twenty-fifth article did not " form a part of the propositions sub- " mitted to Lord Melville, but is now " introduced by the Committee of Cor- " respondence, and is as follows, *viz.*

" 25. That, in order to give the ut- " most possible extension to the com- " merce of private merchants, and at " the same time to secure the Compa- " ny's exclusive trade to and from " China, private ships be not permitted " to go farther eastward than Point " Romania, at the entrance of the " China

" OBSERVATIONS.

" power now vested in them by law to " that effect.

" 24. It is intended to submit to " Parliament a proposition to that ef- " fect, or similar in substance.

" 25. If the object adverted to in " this proposition can be obtained by " exclusion from the dominions of the " Emperor of China, and a prohibition " to import the produce of that coun- " try without license from the Com- " pany, it will be preferable to the " mode herein suggested. There seems " to

" Hints.	" Observations.
" China Seas, and to the northward, " not beyond the equinoctial line.	" to be no reason for excluding the " private trade from the Spice Islands.
" N.B. Should it be the intention " of Government that private traders " shall be excluded from the Spice Is- " lands, the limits ought then to be for " them not to go to the eastward of " the Straits of Bally, nor to the north- " ward of the Line."	

Lord Melville, in returning the Observations with the remarks on the 21st March, wrote:

" In adverting in your letter of the 4th instant to the statement contained " in mine of the 17th December, on the proposed transfer of the Company's " army to the Crown, you do not appear to have understood accurately the " purport of my suggestion. I entertained no doubt as to the expediency " of continuing to the Company's government in India the supremacy of " their military as well as civil authority; but though various regulations " may possibly be necessary, with the view to promote the discipline and " efficiency of the army in India, I am not aware that any legislative enact- " ments are requisite, except as to the amount of force which His Majesty " may be empowered to maintain in India at the expense of the Company: " and perhaps, also, some provisions in regard to the relative powers of the " Board of Commissioners and the Court of Directors."

On the 7th April 1812, a petition was presented from the Company, praying that leave might be given to bring in a bill or bills, for continuing the possession, government, and management of the territorial acquisitions of the East-Indies in the Company.

The

The petition was ordered to lie on the table.

Numerous petitions from various parts of the country were presented to Parliament, praying for a free and open trade with India.

The Fourth Report from the Select Committee was laid before the House by Mr. Wallace, and printed. It entered into the home concerns of the Company. In the early part of this Report the Committee made the following remarks with reference to the China trade :

" The trade with China has for a very long period formed a part of the " exclusive privilege of the Company, and has been carried on upon prin- " ciples conducive, in a very eminent degree, not only to the advantage of " those embarked in it, but likewise to the interests of the British empire in " its revenue, in the employment of its shipping, and in a steady and con- " tinued demand for its manufactures."

On the 22d July the Fifth Report was laid before the House of Commons and ordered to be printed. It treated of the political, military, revenue, and judicial establishments in India.

" It can, in the opinion of your Committee, admit of no question, whether " the dominion exercised by the East-India Company has on the whole been " beneficial to the natives. If such a question were proposed, your Com- " mittee must decidedly answer it in the affirmative. The strength of the " government of British India, directed as it has been, has had the effect of " securing its subjects as well from foreign depredation as from internal " commotion. The nature and circumstances of our situation prescribe " narrow limits to the prospects of the natives in the political and military " branches of the public service: strictly speaking, however, they were " foreigners who generally enjoyed the great offices in those departments, " even under the Mogul government; but to agriculture and commerce

 " every

" every encouragement is afforded under a system of laws, the prominent " object of which is to protect the weak from oppression, and to secure to " every individual the fruits of his industry."

After the election on the 9th April 1812, a new Deputation of Directors was appointed.

The Earl of Buckinghamshire succeeded Lord Melville as President of the Board on the 4th April 1812. The Court on the 15th approved a letter from the Chairs to his Lordship, in which they proposed to continue the correspondence, and referred to Lord Melville's letter of the 21st and 23d March, and to his observations on the Hints submitted by the Deputation. The opinions of the Court against opening the trade were re-urged.

Various arguments were set forth in support of confining the private trade to the port of London.

On Monday the 20th April the Chairman communicated to the Court, that in a conversation with the President of the Board the preceding evening, he had learned the intention of Ministers to extend the Indian trade to the outports. The Court strongly remonstrated against this unexpected change.

On the 9th June a petition was presented from the Company for a loan of £2,500,000, to enable them to meet the bills drawn on account of the Indian debt. The same being recommended by his Royal Highness the Prince Regent to the House of Commons, was referred to a Committee on the 7th July. The bill for advancing the £2,500,000 on loan to the Company passed the Commons, and received the royal assent the 13th July.

In the same session an Act was passed, authorizing the Company to re-transfer to the East-Indies debts originally contracted there.

The

The negociation appears to have ceased until the 17th November following, when the Chairman reported to the Committee of Correspondence, that he had learnt from the President of the Board that it was the intention of His Majesty's Ministers not to abandon the proposition they had made for allowing a direct trade between the outports and India; but that Lord Buckinghamshire, before resuming the correspondence relating to it, was desirous that the Committee of Correspondence should hold a conference with Lord Liverpool and himself upon the subject.

A meeting accordingly took place on the 1st December, between His Majesty's Ministers and the Committee of Correspondence, when it was agreed that, in order that the most unreserved discussion should take place, no minutes should be taken.

On the 10th February 1813, a report from the Committee of Correspondence was laid before the Court, containing observations on the several petitions from the outports. The Committee entered at great length into the reasoning of the petition, and observed,

" That the Petitioners treated the whole question of the monopoly as if it " were purely a question of commerce; as if it involved no high question of " policy; as if it stood unconnected with the acquisitions, the government " and the preservation of a great Indian empire; and as if, from its poli- " tical relations, the question concerning it had no bearing on the British " constitution. Thus, said some of the petitioners, '*the reasoning in favour* " *of the monopoly proceeds from narrow partial views, demonstrated to be* " *fallacious, and which will apply equally to every other branch of British* " *commerce;*' whereas it was abundantly obvious, that the exclusive com- " mercial privileges enjoyed by the Company in the Indian trade (how- " ever well they were entitled to them on other accounts) were contended

" for

" for by them, and had been continued by the Legislature, mainly because " deemed to be necessary for the political government of India, and not at " all on account of any pecuniary participation, which one of the petitions " erroneously assumed to be in question. The same cause was also under- " stood to require the continuance of the China monopoly, though that " privilege stood upon other irrefragable grounds, as the unlimited admis- " sion of British ships into any quarter of the Eastern seas could not be " thought compatible with the system adopted for the security of our " Eastern territorial possessions. The commercial monopoly therefore was, " in a word, an instrument in the hands of the Company for the political " government of India. Such it had been maintained by them, and " admitted by Ministers in the discussions respecting the charter to be ; " but that great truth, either as a fact or as a principle, was unnoticed in " the petitions. Some of the petitioners were, indeed, so just as to recol- " lect that the India Company had territorial rights, and to say that it was " not their wish to trench on them ; but they did not seem to be aware that " those rights could be enjoyed only through the medium of commercial " privileges, or that any provision could be made for securing them, com- " patibly with their own claims for an universal opening of the Eastern " trade."

Lord Buckinghamshire, to whom the same had been forwarded, acknowledged its receipt, and stated that the report would receive that serious and deliberate attention which had been given to every part of the important subject to which it related.

On the 23d February 1813, a petition was agreed to by the General Court to Parliament, for a renewal of the Company's exclusive privileges. After setting forth the origin and progress of the Company under the several charters granted to them, it concluded as follows, *viz.*

" Your

" Your petitioners feel it to be their duty to express to this Honourable " House their sincere opinion, that the public interest cannot be better " consulted than by continuing your petitioners as the sole organs and " channel, both for the trade with and the government of India, upon the " principles established by the Act of the 33d year of His Majesty's " reign, with such variations as to the financial appropriations, and in " some other points of detail, as present circumstances require and expe- " rience has pointed out. Your petitioners ask not for an exclusive trade " upon the narrow principles of monopoly, for the mere purpose of com- " mercial gain: they have under their care interests of a much more ex- " tended and liberal nature, which it is their duty to attend to. Your " petitioners are ready to become parties to any arrangement which shall " be consistent with the rights of your petitioners and the security of " British India, and which will not deprive your petitioners of the means " of fulfilling their pecuniary engagements with the Public and individuals, " or the performance of the functions which may be continued or allotted " to them.

" As your petitioners do not venture to anticipate what may be the deter- " mination of this Honourable House upon the question hereby submitted " to its decision, your petitioners hope that they will be excused for humbly " stating what, in the event of the dissolution of the present system, they " conceive would be found to be the rights of your petitioners, as well as " their fair pretensions upon the justice and liberality of Parliament. The " absolute right of your petitioners, for their own use, to a considerable part " of the forts, towns, islands, territories, and rights which they have ac- " quired abroad never has been questioned, and your petitioners believe it " to be unquestionable; and notwithstanding the claim made for the Public " to other parts of the territorial acquisitions and revenues of your peti- " tioners, they entertain a strong hope that the property, as well in those " parts which were acquired by conquest under the powers of peace and

" war

" war lawfully exercised by your petitioners, as in those parts which were " otherwise acquired, would be found to belong to your petitioners, in the " same way as any other property within His Majesty's dominions belongs " to the owners thereof, subject to the sovereignty and allegiance due to " His Majesty. But even supposing it should be determined, contrary to " the sense and expectations of your petitioners touching their rights, that " those places were not the property of your petitioners, your petitioners " submit that, in that case, if the possession were to be assumed on the part " of the Public, your petitioners would have a just right to reimbursement of " the expenses which they have incurred in acquiring and maintaining " them, and in making the fortifications, and civil and military buildings " and works which your petitioners have erected and built upon, with a " compensation for the services and risk of your petitioners during the long " time which they have had the possession and government of such terri- " tories under the confirmation of Parliament, and all other charges in- " curred by your petitioners relative to such territories. These expenses " and charges amount to many millions of money. Your petitioners also " submit, that they have a just claim to be reimbursed all the sums they " have paid in discharge of debts contracted on account of the territories, " and to be indemnified against all other debts in respect of them, and " which now remain undischarged.

" Your petitioners do not question, as an abstract principle, the right of " any of His Majesty's subjects to trade with any part of His Majesty's " dominions; but your petitioners humbly submit, that it cannot be con- " tended that any persons can have a right, except with the consent of " your petitioners, to use the settlements, factories, and seats of trade, or " to avail themselves of the means and facilities, moral and physical, which " your petitioners, at a great expense and risk, have created and acquired, " and now at great current charge maintain, for the purposes of commerce " and civil intercourse."

On

On the 27th February 1813, Sir George Staunton was requested by the Chairman to favour the Court of Directors with any communication which he might be enabled to make on the subject of the China trade. Sir George Staunton, in consequence of such requisition, transmitted to the Chairman, on the 15th March, a paper entitled "Considerations upon the China Trade," in which he entered at great length into a statement of the circumstances peculiar to that trade, which placed in a strong point of view the extreme importance, if not absolute necessity, of continuing it substantially on its present footing.

The object of the paper was to shew in what manner the prosperity, and comparative security, of the China trade had arisen out of the system under which it had been conducted: a system which, through the medium of an exclusive Company, diffused the profits and advantages of a great and well-regulated commerce, in equitable proportions, directly or indirectly, over the whole of the British community; first, by its regular and secure contributions to the revenue (by which so much equivalent taxation of a different description is avoided); secondly, by its satisfactory and amply abundant supply of an universally desired article of daily consumption; thirdly, by its distinguished success in extending the sales and maintaining the credit of British manufactures and productions; and lastly, by the support and employment it gave to multitudes in the marine and other services of the Company, exclusive of that large and important proportion of the British community primarily interested in it, under the denomination of East-India Proprietors. To point out in what manner the Chinese have recognized and become accustomed to the existing system, and how, in fact, while it had had the effect of reconciling them to our principles of government, it has enabled

us, in a great degree, to counteract the worst features of their own; and it was inferred that, by a dereliction of the system in question, the trade could not be improved, though it might probably be ruined. That though it might be thus put into other hands, there was no probability, in the nature of things, that into whatever hands it might fall, it could benefit or advantageously employ a larger portion than it did of the British public.

On the 22d March 1813, the House of Commons resolved itself into a Committee to consider the petition of the East-India Company for a renewal of their charter. Lord Castlereagh, in introducing the subject, observed,

That if he and his colleagues had conceived that the arrangements they should propose would shake a system which had unquestionably answered all the great purposes of government, they would have hesitated before they had suggested them; but his proposition would not only abstain from touching the principle of that system, but would render it more applicable to the times. His Lordship submitted sundry resolutions to the House, containing certain modifications of the system. The propriety of hearing evidence at the bar of the House having been acceded to, the examination commenced on the 30th March, before a Committee of the whole House, with that of Warren Hastings, Esq., and was continued until the 13th April, when it was deemed expedient, in order to save the time of the House, to appoint a Select Committee for the further inquiry. A Committee for the same purpose was likewise nominated in the House of Lords. The Minutes of Evidence form two large quarto volumes, and contain much interesting information on the affairs of India, and the commerce with that country and with China generally.

On

On the 23d March a copy of the resolution submitted to the House of Commons on the preceding day (Monday) given by Lord Castlereagh to the Deputy Chairman, was laid before the Court. Copies had been transmitted from the Board of Commissioners to the Court on the 22d March.

On the 24th March a General Court was held, at which a unanimous resolution was passed, approving a petition to each House of Parliament, praying to be heard by Counsel, and to examine evidence if necessary.

On the 31st May, Lord Castlereagh moved the order of the day for the House resolving itself into a Committee, when the first resolution for a continuance of the East-India Company with certain exclusive privileges was submitted.

On the 10th June a Deputation from the Court of Directors, accompanied by Sir Hugh Inglis, had an interview with the Earls of Liverpool and Buckinghamshire and Lord Castlereagh, at Fife House, the substance of which was stated in a memorandum laid before the Court on the 15th June.

The memorandum stated, that there were some very material points on which it was desirable that they should have a clear understanding with His Majesty's Ministers; particularly the question respecting the realization of funds in this country to meet the increased demands payable here on account of the Indian territory, and the security of the dividend in case the profits of the China trade should from the effects of smuggling be greatly impaired.

With regard to the first head, Ministers dwelt upon the necessity of allowing a fair experiment to be made by the private merchant, and not using the power of the Company to cramp the efforts of individuals,

 and

and particularly not to carry on a losing trade for the purpose of remittance.

To this it was answered, that the Company ought to be allowed to use their own resources in their own way. That in doing this, they could not be stated with any justice to cramp the trade of individuals, a trade which they never had; and that it would be hard to require them to furnish any part of their funds in order to serve as a capital for those individuals, which also was not requisite in order to a fair experiment.

His Majesty's Ministers replied, that it was not intended to tie the Company down to any particular mode of remittance to meet the territorial demands here, but that it would be better for the country and themselves that they should limit their Indian trade.

To this the Deputation did not assent; and a question arose about the profits on the Company's Indian trade, and the funds by which it had been carried on: on which subject the Deputation maintained, in opposition to Lord Castlereagh, the arguments already used by the Court. But it was thought unnecessary to go at large into the question; and, in conclusion, Ministers declared, that if the Company, without any fault of theirs, were brought into difficulty by the demands here on account of the territory, the Government would certainly feel it proper, under such circumstances, to recommend to Parliament to assist the Company to the extent of their resources available in India.

With regard to the dividend, Ministers said that the surplus Indian revenue was applicable to it as well as the commercial profits, and that they did not apprehend much injury from smuggling; but, if any difficulty should occur in this respect, it would be time enough to interfere when the difficulty occurred.

It was suggested to His Majesty's Ministers, that certain staple articles of Indian produce should be left wholly to the Company, as piece goods,

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raw silk, and indigo; and that all raw materials should be left to the private merchants. But this was opposed, as not affording the fair experiment intended; and it was urged, that it would be for the interest of the Company, in the eye of the Public and of Parliament, that they should fairly lend themselves to this trial. It was asserted, on the other side, that undoubtedly if the Company were to act under a new charter, they would fairly come up to the intention of the Legislature; but that, on the other hand, they must not suffer from the suspicions or misrepresentations which might arise in any quarter. And His Majesty's Ministers admitted, that the Company were to be at liberty to import any Indian commodities, and to afford supplies to the China investment from India: though Ministers also said, as matter of opinion, that it would be better for the Company to abridge their Indian trade, or to confine themselves wholly to that of China, which observation, advanced only incidentally, was combated by the other side.

On the 26th June, the bill as brought into the House of Commons was laid before the General Court, when the Directors were requested to call a General Court, for the purpose of delivering their respective opinions as to how far they might think it safe and practicable for the Proprietors to act under the said bill with security to their capital, certainty as to their dividend, and general advantage to themselves and to the Public.

On the 15th July a Committee of the whole Court resumed the consideration of the bill (which passed the House of Commons on the 13th), and reported in detail their opinion thereon to the Court of Proprietors.

After stating the prominent features of the bill, and of its probable effect on the affairs of the Company, and pointing out the instances in which they considered it favourable:

1st.

1st. As it regarded the security of the dividend, as the home net proceeds were not to be liable to territorial charges until after payment of the dividend: and if in any year the fund for the dividend fell short, the surplus of territorial income for the year preceding was liable to make up the deficiency.

2dly. As regarded investment: the sum to be applied to it was not to be less than the amount of the usual territorial charges at home of £1,000,000; thus securing to the Company a commercial capital to that amount, in addition to the amount of their exports of stores and goods from England; and also a provision for those territorial charges at home which had hitherto been a burthen on the commercial funds, the whole of those funds being liable for them.

They then adverted to the power of control given by the new charter, and observed, that they might be distinguished into those which were new, or those of which the principle, though not expanded, was to be found in the former charter.

Of the first class were licensing ships and persons (saving as to agents for private traders, which the Board were empowered to license by the Act of 1793) to go to India, either by overruling the Directors or by original jurisdiction.

The control over the College and Military Seminary in England.

Over the appointment to certain vacancies in Indian offices, which were not to be supplied by the Directors without the approbation of the Board.

Over the restoration of suspended or dismissed servants, civil or military, which restoration was not to be valid without consent of the Board.

Over the article of gratuities, of which none above £600 were to be good without the consent of the Board.

It might be contended, however, that all these, except the first, fell fairly

fairly within the scope of the general powers given to the Board by the Acts of 1784 and 1793.

With regard to the power of control, of which the principle was to be found in the former Acts, but the specification as to particular objects was new, they related to the following particulars, *viz.*

Distinct accounts to be kept of the territorial, political, and commercial concerns, as already explained.

A general control over the appropriation of the territorial revenues (excepting the amount to be issued in India for territorial payments in England).

The Board might require of the Directors abstracts, accounts, and statements, relating to the affairs of the Company.

Vacancies of Governors and Commanders-in-chief were to be filled by Directors with the approbation of His Majesty. This was new in point of law, but only partly so as to practice.

Again, in alluding to the powers given to the Board, the Committee remarked :

" That the principle and substance of several of these powers were con-
" tained in former Acts ; but certainly, as they were now specified and
" extended, they altogether constituted a more strict and comprehensive
" control. Of this the Executive Body, as it affected themselves, and as
" it affected the general credit and interest of the Company, could not
" but be deeply sensible. They would not, however, allow their feelings
" on that score to carry them to an estimate of the subject beyond its real
" amount. Mortifying and derogatory as such new control must certainly
" be, they would not venture to pronounce that, if the other conditions
" of the charter were found eligible, that would be a sufficient motive for
" refusing it. The general powers of superintendence and control given
" by the former charters were in reality so large, that if they had been
" exercised illiberally or vexatiously, it might have been difficult for the

" Court

" Court of Directors to perform their functions ; and that, with respect to
" the present powers, much would depend on the spirit in which they were
" administered. If that spirit be temperate and just, it would be practicable
" tocarry on the Company's business; if the powers were used in a way
" which men of character and liberal feelings could not brook, the issue
" might be most serious to the system of the Company."

Jacob Bosanquet, Esq. dissented from the Court's resolution of the 15th July, approving of a report of the Committee of the whole Court,

" Because he thought the bill pending in Parliament did not by any
" means render justice to the East-India Company, had not provided for
" the great and leading interests of the Indian empire, or was likely finally
" to be beneficial or satisfactory to the Public at large."

Joseph Cotton, Sweny Toone, and William Astell, Esquires, though not approving the whole of the report, recommended a trial of the proposed measure.

At a General Court held on the 21st July, the Chairman stated that the bill had passed the House of Lords, where it received no alteration. A letter from Mr. Astell, dated the 19th July, was read,

Expressing his concurrence in the recommendation contained in the report from the Committee of the whole Court to the Proprietors, to make a fair trial of the proposed charter, under the full persuasion, that if eventually obstacles should arise from any quarter, or causes to prevent or impede the execution of it by the Company after their best endeavours to that end had been used, the responsibility of the failure would not attach to them; and stating that, individually, he must be content to sacrifice private feelings of great mortification at the diminished power and reduced situation of the Directors, in the hope and

and belief that a liberal exercise of the increased and extended powers of control (many of which, he did not hesitate to say, he was still unable to see the public necessity of), would make it practicable and convenient for men of character and liberal sentiment to act under those regulations.

After a long debate the following resolution was passed, *viz.*

" Resolved unanimously, That the Court cannot, with reference to the
" interests either of this Company or the Public, contemplate with entire
" satisfaction all the provisions of the bill now pending in Parliament; ne-
" vertheless, deferring to the sense of the Legislature, and relying on its
" wisdom and justice, in the event of the expectations held forth by the
" bill being disappointed, this Court does not think that it would be expe-
" dient, in the present circumstances of the Company, to decline becoming
" a party to the measure proposed. The Court of Directors are therefore
" authorized to communicate to His Majesty's Ministers, the Company's
" concurrence in the arrangement, together with an assurance, that they
" will zealously use their best endeavours, when the bill shall be passed into
" a law, to fulfil, notwithstanding the new difficulties they will have to
" meet, all the duties which it shall impose, according to its true spirit and
" intention."

The Act 53 Geo. III. cap. 152, was accordingly passed, continuing the exclusive privileges until April 1834.

By the 20th section of that Act,

Authority was reserved to Parliament to make, from time to time, such provisions as might be deemed necessary for enabling His Majesty's subjects to carry on trade and traffic directly or circuitously with India, China being specially excepted.

Under this reservation

An Act was introduced in the next session (1814), termed the Circuitous Trade Act, which permitted trade in ships navigated according to law,

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to and at any intermediate ports, or places, or countries, between the United Kingdom and the limits of the Company's Charter, situate in North and South America (except His Majesty's colonies and possessions), and to and at Madeira, the Canaries, the Cape de Verd Islands, St. Helena, and the Cape of Good Hope. No alteration was made as to the size of the vessels, licenses, or otherwise.

In June 1817 a further extension was granted,

By admitting a trade direct from Malta and Gibraltar to and from the places within the Company's limits, under the 57th Geo. III. cap. 36; and likewise with the places described in the 54th Geo. III. cap. 34, all restrictions as to the size of ships employed in such trade were removed; at the same time no vessels carrying on that trade of less than 350 tons could be admitted to entry or clear out in the United Kingdom. The governments of Malta and Gibraltar were to issue licenses, but not to grant special licenses. Ships were not to sail until the master or commander had delivered a list of passengers and arms on board, which lists were to be forwarded to the Court of Directors.

By the 57th Geo. III. cap. 95,

The trade within the Company's limits was exempt from the operation of the navigation laws; and by the 59th Geo. III. cap. 54 (1819), American vessels are allowed to clear out from the United Kingdom for India.

In June 1821, by the 1st and 2d Geo. IV. cap. 65,

The Company and others were allowed to trade to and from any intermediate places between Great Britain and the limits of the Company's charter, and to discharge the whole or any part of their cargoes, and to take on board other goods, &c. A trade was likewise permitted, directly and circuitously, between all places within the Company's limits and countries in amity with His Majesty, the trade in tea alone excepted. The size of the ships, &c. &c. to remain unaltered.

In

In the year 1822 the subject of a repeal of the size of ships engaging in the Indian trade, with various other points, came under the consideration of the Company; who consented to the repeal of the restriction as to the size of the ships,

> Provided that an equalization of duty on East-India and West-India sugar took place, and India-built ships were admitted to the full privilege of British registry.

In consequence of the lateness of the period at which these points were brought forward, the matter was dropped for that session.

The subject was revived in the following year (1822). The endeavour to obtain an equalization of duty on sugars failed, the motion for a committee being lost.

On the 26th June 1822, a copy of a minute of the Lords of the Treasury was laid before the House of Commons, and ordered to be printed;

> Detailing the proceedings which had taken place since July 1821, to effect a settlement of the accounts between the Public and the East-India Company; and the determination of the Lords of the Treasury to propose to Parliament, that the Public should pay to the Company the sum of £1,300,000; such sum to be considered as closing the accounts between the Government and the Company to the 30th April 1822, and to be applied in part discharge of the loan raised for the East-India Company in 1812.
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> The sum of £557,322, beyond the said sum of £1,300,000, being necessary to complete the redemption of the £2,500,000, raised by loan in 1812 for the service of the Company, arrangements were made to meet that sum on the part of the Company; and the Act of 3d Geo. IV. cap. 93, was passed in the month of July, to carry into execution

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the settlement between His Majesty and the East-India Company, by which the account between Government and the Company was closed to 30th April 1822, and repayment made by the Company to the Public of the £2,500,000: the future charges on which were transferred to the Consolidated Fund.

A bill for consolidating the several laws as to the trade with India was brought forward, and passed into a law on the 18th July 1823 (the 4th Geo. IV. cap. 80),

Repealing so much of the Act of the 53d Geo. IV. cap. 155, as authorizes the trade to and from the ports and places within the limits of the Company's charter (excepting China), and as respects the disposition in the United Kingdom of all articles manufactured of silk, hair, and cotton-wool, or any mixture thereof; and likewise the whole of the 54th Geo. III. cap. 34, commonly called the Circuitous Trade Act; of the 55th Geo. III. cap. 116, as to the registry of India ships; of the 57th Geo. III. cap 36, as to the trade to and from India and the Mediterranean; and of the 59th Geo. III. as to the size of ships engaging in the trade between the United Kingdom and New South Wales; and the 1st and 2d Geo. IV. cap 65, as to the trade to and from places within the limits of the Company's charter, and ports or places beyond the limits belonging to any state or country in amity with His Majesty.

The Act of 4th Geo. IV. cap. 80,

Admits vessels into the trade with India, without any limitation in respect to the amount of tonnage, and declares a license unnecessary for ships proceeding in the first instance to one of the principal settlements, whether from the United Kingdom or from the Mediterranean. The employment of Lascars and other Asiatic sailors is subjected to special limitation and provision, under regulations to be framed by the Supreme Government in India, which regulations are to have the effect

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of a law. A penalty is imposed on commanders who shall take out unlicensed persons to India, and the restrictions as to the resort of persons to India remain in full force. In July 1825, the 6th Geo. IV. cap. 110 was passed, under which ships or vessels wholly of the build of some of the colonies in Asia are entitled to registry.

By these successive measures Parliament had acted up to the reservation in the 20th section of the Act of 1813.

In 1824 an Act was also passed to enable the East-India Company to trade direct from China to America.

The object of the foregoing review has been to trace, in as condensed and connected a form as the extent of the subject would admit, the leading events relating to the system under which the home affairs of the East-India Company have been and still continue to be conducted.

Imperfectly as that object may have been attained, a key is afforded to a mass of interesting matter, and the principles have been developed upon which the various legislative measures have been framed for vesting in the Company their present rights and privileges.

Those rights may be classed under the heads of

TEMPORARY RIGHTS,

and

RIGHTS IN PERPETUITY.

The Temporary Rights consist in the administration of the government and revenues of the territories in India, and in the exclusive trade with China.

From

From the first acquisition of the British possessions in India the government of this country asserted the right of the Crown to such possessions, and Parliament has decided on the mode of appropriating the revenues derived from them.

The Company have, at the same time, as strenuously asserted, and still continue to maintain, their rights with regard to those territories and revenues.

At the present moment, the question may be left where it has hitherto been deemed expedient by those most conversant with Indian affairs to leave it, *viz.* for future decision (if a decision be ever called for), without prejudice to the rights either of the Public or of the Company.

It will have been seen that the government of India, comprising in it the territories and revenues, has been hitherto vested in the East-India Company. The policy of that measure has been but once called in question, and the result of the discussion on the occasion (in 1784) confirmed the expediency of persevering (with certain modifications) in that measure.

The principles were then laid down, by which the executive government of India is connected with that which presides over the rest of the empire, the rights of the Company being kept in view; the entire management of their commercial concerns continued in the Directors chosen by the Proprietors; and the conduct of the political affairs controlled by members connected with the Government of this country, who are responsible to Parliament for the due execution of their offices. It has also ensured the advantages of local knowledge, of experience in the details of business, of a personal interest in the well-being of the Company, and

and of a permanent system of policy, with exertion of political talents and the responsibility of executive officers.

The other branch of the TEMPORARY RIGHTS of the Company is the exclusive trade with China.

From the earliest period of the Company being called upon to assume a political character in India, this trade has been of the highest importance in a financial point of view. It is now the only source from whence the pecuniary means are derived which enable the Company to pay the dividends on their capital stock, to meet their commercial charges, and to effect a remittance to the amount of a million sterling per annum, in part payment of the political advances made by the Company at home on account of the Indian empire.

The Parliamentary Committee on the Foreign Trade of this country in 1821, "fully admitted the importance which the Com-"pany justly attached to their maintenance of the monopoly of "the China trade."

These temporary rights do not cease until April 1834: four years from the present time.

Their RIGHTS IN PERPETUITY are:

To be a body politic and corporate, with perpetual succession.

To acquire, purchase, and dispose at will of lands and tenements in Great Britain to a certain amount: to make settlements in India, build forts, appoint governors, coin money, raise, train, and muster forces by sea and by land.

To continue to *trade with a joint stock for ever,* although the exclusive right of trading shall be done away.

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The trade with India has ceased to be one of profit to the Company; but as a medium of remittance it continues to be indispensable, notwithstanding the deterioration in the rate at which such remittance is made.

Without anticipating any of the facts and arguments which will be found in the second part of this paper, it may be asserted without fear of contradiction, that the East-India Company cannot continue to administer the government of India, if they are to depend upon their own pecuniary means, with security to all the various interests committed to their charge, unless the exclusive trade in tea is secured to them, and a remittance from India effected to the extent of £3,000,000 annually.

To treat the question simply as one of commerce, is to take a very narrow and a very superficial view of the whole subject.

The system is one which must be viewed in all its parts, to comprehend fully how the combined powers operate in producing an efficient administration of the affairs of India, at the same time that it ensures the management of a vast commercial concern, which yields the pecuniary means indispensably necessary for the support of the whole.

As a political instrument, the Court of Directors within the last fifteen years have controlled the expenditure of an Indian Revenue amounting in the aggregate to £360,000,000 and they have superintended the disbursement of £72,257,735 in this country on account of territorial charges. They have decided upon 47,000 appeals on personal matters connected with the trust reposed in them.—31,000 reports on separate cases or subjects

have

have been made to the Court of Directors by the respective Committees of the Court, whose duty it has been to investigate the circumstances of each case. To which is to be added the announcement to the Public of the Court's decisions, which in the same period amounts to 32,000 letters; besides a multifarious miscellaneous correspondence on matters necessarily arising out of a concern so extensive in its various ramifications and details. The preparation of accounts for Parliament, the extensive correspondence with the public departments of the State and with the Board of Commissioners for the Affairs of India, many of the points forming matter for despatches to India and for parliamentary proceedings.

In the correspondence with the Indian Governments, exclusive of commercial letters, nearly 6,000 despatches, containing 61,000 paragraphs, have been prepared and sent out, comprising an extent of labour and research which can only be appreciated by those conversant with the nature of the several subjects and with the mode of treating them.

With regard to the commercial branch of the Company's affairs, in the Act of 1813, a separation of the political and commercial accounts was provided for, in the belief that *commerce* had derived material aid from *territory*.

In the fifteen years, *viz.* from 1814 to 1828, inclusive, the value of goods sold and managed by the Company, including private trade, amounted to the sum of £139,580,181.

In the same period, the revenue derived by the Public for Tea duties alone, without any charge for collection, amounted to £57,125,882.

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The commercial profit on the India and China trade for the same period was £16,773,000, leaving a surplus commercial profit, after payment of dividends, of £7,279,896, whereof £5,257,420 has been appropriated to the reduction of Indian debt; whilst *territory* is indebted to commerce at the present time in the sum of £5,017,203.*

The details and working of the financial part of the system, together with the importance of the China trade, will be fully treated of in the SECOND PART of this paper; and when the whole shall have been perused, it may be justly declared, in the eloquent terms used by a departed statesman: "There is no example in the history of the "world, on the one hand, of the existence of an imperial corporation, "or on the other, of the concurrence of two co-ordinate authorities "for so long a series of years, in conducting without shock or con-"flict the administration of the wonderful, nay almost tremendous "empire over which the East-India Company and the Crown jointly "preside."

* Account per Computation, March 1829.

PART II.

FACTS AND OBSERVATIONS

EXPLANATORY OF

THE ACCOUNTS LAID BEFORE PARLIAMENT RESPECTING THE EAST-INDIA AND CHINA TRADE, AND RESPECTING THE FINANCIAL AFFAIRS OF THE EAST-INDIA COMPANY.

The commerce of the East-India Company, and especially their exclusive privilege of trade with China, is an integral part of the system which the Legislature has sanctioned and prescribed for governing India. The profits of the trade not only pay the dividend upon the capital advanced in the early enterprizes, which resulted in the subjection to Great Britain of the vast continent of Hindostan, but have also contributed essentially to the maintenance of that territory.

It is further to be observed, that the Company's commerce is the medium for the remittance of that part of the Indian revenues which is expended in England for political purposes.

By discontinuing the exclusive privilege of trade with China, the foundation of the system would be subverted. Not, indeed, that the Company would thereby be annihilated as a commercial body; for, as has been shewn in the former part of this Memoir, their right to trade is perpetual; but their profits, when competitors with the Public, would be so materially reduced, that it would not be possible for them to answer ordinary demands, much less to aid the finances of India. The means of remittance, already inadequate to the demand, would also be proportionally curtailed, whilst the efficiency and vigour of the territorial administration of India would be

seriously checked by the outcry of the private traders against the effects of the Company's capital and influence, which are now matter of complaint in the India trade, and which would be more seriously felt in China, as they would operate upon a trade conducted there through a privileged body.

It seems obvious, therefore, that the abrogation of the exclusive right to the China trade would involve one of two consequences to the Company. Either continuing to administer India, they would cease to act commercially, claiming with justice large compensation in return for a surrender of their charter; or, continuing to trade, the Company would cease to have any part in the government of India: in which case they would have many important claims to adjust with the Crown, upon the final relinquishment of possessions and rights to some of which the Company's title has never been disputed; and which will be more fully adverted to in the sequel. In the former of these contingencies, the Company would cease to exist as a commercial corporation: and then what becomes of that which constitutes the essence of the present system, the election by a popular body of a Court of Directors wholly independent of the Crown?

In the other contingency, that of the Company ceasing to administer India and continuing to trade, how, it may be asked, is India in that case to be administered? Also, how could private traders expect, at least for a long course of years, to conduct a profitable trade with China, in competition with the gigantic capital and commanding influence of the Company?

From these simple observations it seems evident, that they who would discontinue the Company's right to the China trade, should be prepared with a new arrangement for the general management

and financial support of the Indian territories. The present system is undoubtedly full of anomalies, and one which (as the greatest statesmen have admitted) it would be difficult to justify upon abstract reasoning. But the connexion of this country with India is altogether anomalous, and defies the strict application of ordinary rules: experience is the only safe guide in such a matter. The practical questions are,—What have been the effects of the present system? Taken in the whole, has it worked well? and if so, will it not be better to maintain it, even at some commercial sacrifices, than to adopt any new and untried plan?

"I wish," said the late Lord Melville in the House of Commons on the 23d April 1793, "to arrest the attention of the House, and to "fix it on the advantages which Great Britain actually possesses, and "then to ask whether it would be wise or politic to forego them, in "search of greater advantages, which may exist only in imagination?"

That the existing system has worked well in a financial point of view, can scarcely be denied by any person sufficiently informed upon the subject. Since the year 1814, the Company out of their commercial receipts have, either in liquidation of debt or by way of loan, aided the territory to the extent of more than nine millions sterling, besides affording to it, as will hereafter be particularly explained, an indirect advantage in rates of exchange, whereby the commercial branch has sacrificed no less than seven millions.

Now, had India been managed by the King's Government independently of the Company, or by the Company divested of their trade, the territorial debt of India would have been nine millions more in amount than it is, and India would also have had to provide a very large sum to countervail the loss by exchange. The ter-

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ritorial revenue is inadequate to pay all the interest of the present debt, and therefore these extraordinary aids from commerce have greatly retarded, if not wholly averted, the crisis at which it might otherwise have been necessary for the nation to have contributed to the support of India.

Under the existing system, all the expenses of the Indian Governments, including the charge of maintaining a large part of the King's army, have been defrayed without any call on the finances of Great Britain; which, on the contrary, have been relieved during the present charter, by a voluntary undertaking on the part of the Company to charge their funds with the payment of £60,000 per annum for half-pay and pensions to the King's troops; and no less a sum upon average, than three millions sterling per annum out of the Indian revenues has been safely remitted through the Company's trade, and absolutely spent in England, to the great advantage of the nation.

In addition to all this, the dividend has been regularly paid at the rate fixed by Parliament, and the country been furnished with an annual revenue of between three and four millions sterling in tea duty, free of all charge or risk in its collection. The expense of collecting that amouut of revenue could not fall short of five per cent., or nearly £200,000 per annum, besides the difficulty of substituting any system for computing an *ad valorem* duty upon tea which shall be as fair and as productive as that which now exists, by which the price at the Company's sales governs the duty payable.

It will perhaps be said, that the revenues of India ought to defray all the expenses of the Indian Government without any aid from commerce. The fact is, however, that there has been, and still is,

a territorial deficit of serious amount; and it will not be contended that this evil could be lessened by a change in the constitution of the home government of India, as no such alteration could furnish a more efficient check upon extravagant or undue appropriations of the funds of the Company than that which is maintained by the Board of Commissioners and the Court of Directors, acting jointly with a concurrent jurisdiction, but with no other concurrent object in which they have a mutual interest, than that of governing India for the advantage of the natives of that country and beneficially to Great Britain. This check is the charm of the present system. If the administration of India were committed exclusively to the King's Government, or if the Company were to become the mere ministerial agent for executing the will of the Government, there would be no such check, and it would be in vain to expect that the Indian territory would be less dependent on external financial aid, than whilst the check existed. India would still require support, and what the Company's commerce now furnishes for that purpose, the nation would then have to supply.

It may however be argued, that whatever be the advantages resulting from the tenure of India under the Company, or rather that, whatever disadvantages might arise from a total change of that system, they would be more than compensated by the benefits of an open trade with China, which it is urged by the advocates of that measure, would occasion a large increased export of British manufactures to China, and a corresponding return of produce to Great Britain; thereby benefiting the revenue in a much larger ratio than would be sufficient to countervail the present advantage of free collection of tea duties, and also diffusing wealth among our

manufacturers

manufacturers, and comfort throughout the population, in their being furnished with abundance of tea at a low price.

The persons who use such arguments will doubtless refer to the results of the opening of the trade with India, which has certainly been followed by a large increase in the quantities of British manufactured goods exported thither.

It is therefore necessary briefly to examine the statements of the Indian trade.

It must be premised, that those statements are computed, so far as respects imports into India, at the invoice value of the several articles, and as respects exports from India at a permanent value, fixed many years previously to the opening of the trade; so that the value of the imports is stated at its real amount, whilst that of the exports is arbitrary; and as, of late years, there has been a serious depreciation of the sale proceeds of Indian produce, it follows that, in a comparative view of the exports from India, a corresponding deduction should be made from the official valuations.

Accounts have been laid before Parliament of the value of imports into and exports from India, from and to Great Britain, America, and Foreign Europe, in each year from 1811-12 to 1826-27, and the following is a summary of the combined results.

In the four years from 1811-12 to 1814-15, the imports into India averaged in invoice value 1,66,58,058 rupees annually. In the following twelve years those imports averaged 3,80,48,492 rupees. Since the opening of the trade, therefore, the average increase in the imports into India has been in invoice value 2,13,90,434 rupees annually.

In the four years from 1811-12 to 1814-15, the annual official value of exports from India to Great Britain, America, and Foreign

Europe

Europe, was upon an average 3,00,29 ,839 rupees; and in the following twelve years it was 4,33,41,675 rupees annually. The average increase in the exports from India since the opening of the trade has therefore been no more than 1,33,11,836 rupees per annum, which leaves 80,78,598 rupees of the increased exports wholly unaccounted for. Hence it is evident, that so far as a judgment can be formed from the statements in question, the increase in the exports has produced, on the whole, serious loss.

This will be the more apparent on separating the Company's from the private trade.

In the four years from 1811-12 to 1814-15, the invoice value of the Company's imports into India was 58,85,483 rupees per annum; and in the following twelve years it has been 47,16,681 rupees annually. Here there is a decrease in the Company's imports into India of 11,68,802 rupees per annum.

On the other hand, the Company's exports from India have increased from 1,26,85,346 rupees per annum, the average from 1811-12 to 1814-15, to 1,41,13,528 rupees per annum, the average of the following twelve years. In this point of view, the balance of the Company's returns from India has, during the open trade, been 25,96,984 rupees per annum more than it was before.

The imports into India in private-trade have increased in the periods in question, from 1,07,72,574 rupees to 3,29,02,694 rupees per annum; and the private-trade exports from India have increased, from 1,73,55,493 rupees to 2,92 28,147 rupees per annum. Consequently, the balance of the private-trade returns from India has been 1,02,57,466 rupees less than it was before the open trade.

The foregoing statements are sufficient to shew, that the experiment

ment of opening the trade with India is not to be considered to have succeeded, merely because it has been followed by an increase in the quantity of manufactures sent thither. The important point of enquiry is,—Has India, in addition to the remittances required for government purposes and for the transfer of private fortunes, made commercial returns adequate to the increased exports from Europe and America? If not (and it is clear she has not), the increase has occasioned, not gain, but loss. That loss may not, indeed, have fallen mainly on the exporter. It has, probably, been divided between him and the other class of remitters, including the Company: but on whomsoever it has fallen, the nation has sustained it.

To all this it may be objected, that it is contrary to the nature of things, to suppose that a country will take more of goods than she can yield of produce in return. Such is certainly true as respects two independent countries trading one with the other; but the argument is fallacious when applied to India, from whence large remittances are required independently of the transactions of commerce. There is no such thing as balance or reciprocity in this case.

It may further be remarked, not only that distress among manufacturers frequently forces sales of their goods at a loss, but also that, in a country like England, with a superabundance of capital, with machinery which the proprietors would rather work for a time at no profit than suffer to decay, and with an immense population constantly looking to new marts for the fruits of their industry, there will always be a tendency to speculate at heavy risks, and in spite of the failure of previous enterprizes; and that it would require a much longer course of experience than that afforded since the opening of the India trade, effectually to check unprofitable exports.

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The advocates of the free trade have occasionally admitted, that returns proportioned to the exports have not been received: and this failure has actually been urged as a reason for throwing open the China trade, which, it is alleged, would enable the exporters of British manufactures to India to effect their returns. But surely this argument militates against the doctrine strongly advanced by the very persons who use it, that a free trade with China would create a new mart for British manufactures. The fact seems to be, that an excess of manufactured goods has been sent to India; and this fact may well induce doubts of the correctness of the favourite theory, that a free trade with China would lead to an increased sale of our manufactures.

But admitting, for the sake of argument, that India did yield profitable returns for all the goods sent thither, it would not by any means follow, that the same kinds of goods would find a market in China. The use of British manufactures to the extent to which it has gone in India, and which has tended to destroy the native manufactures, has been facilitated by a reduction of duties, and by the low rate of freight at which ships can convey goods from England to India, owing to the extensive use made of them by passengers.

Such advantages could not be extended to China, where the native manufacturer would be protected by local laws. It cannot reasonably be imagined that such a government, over such a people, habitually industrious and clever at handiwork, would patiently witness the general use of British manufactures, or would be persuaded to tolerate it, by the consideration that China would not take of those manufactures to any greater extent than it was profitable for herself to do so.

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This and other arguments of political economy, however sound, would not have any effect on the government of the Celestial Empire, who more perhaps than any government in the world, are wedded to the opinion, that foreign trade is detrimental to the wealth and interests of a nation.

Nor should it be forgotten, that the door has long been, and still is open for the exportation of manufactured goods to China by British merchants *viâ* India, or by the Americans and other foreigners direct.

The Americans, notwithstanding the large amount of their trade with China, appear to have exported of British manufactured goods to no greater extent than 867,902 dollars annually, upon an average of the three years ended the 30th April 1827; whilst the exports of the same kinds of goods by the Company and their officers, averaged in the same period 3,179,279 dollars. Can it be doubted, that if there were really a good market in China for the sale of manufactured articles to a greater extent, the Americans would have availed themselves of it?

Supposing, however, that China did become a market for a more extensive sale of British manufactures, the Chinese could only take them in lieu of some of those articles which are now exchanged for their produce. The funds for purchasing the Company's investments in China consist of the proceeds of British manufactures and of Indian produce. If British manufactures were substituted for Indian produce, the manufacturers of Great Britain might derive an advantage; but it would be at the cost of India, and India is quite unable to bear the sacrifice. Besides, though the manufacturer might possibly gain something, the nation would lose in as great a proportion, inasmuch as Indian produce furnishes a more profitable remittance to China than British

manufactures.

manufactures. This is a convincing proof that China, as might be expected of a manufacturing country, chooses to import the raw material in preference to manufactured goods.

If the trade were open, the cost of tea to the consumer in England must be influenced by what it costs the exporter of it from China; and therefore, if he bought it with the proceeds of British manufactures, he would buy it more dearly than if it were purchased, as at present, principally with the proceeds of Indian produce, and consequently the price to the consumer would be enhanced.

Here there is another strong argument opposed to the idea of a profitable increase in the export of British manufactures to China, it being obvious that the private merchant would make his purchases of teas in the way most advantageous to himself, without reference to the particular interests of the manufacturers.

The importance of preserving China as a market for Indian produce is sufficiently apparent in the fact, that the imports of cotton and opium into China from India, in the country trade, amounted on an average of the last three years to no less than 14,401,764 dollars annually.

It may perhaps be said, that an increase of British manufactures sent to China would be surplus to all other articles now sent thither, whether from England or from India, and would be paid for by an additional export of teas; but this could not be, unless there were a demand for tea in England to a greater extent than at present; and even did the demand exist, it by no means follows that it could be met without a deterioration in quality; and perhaps to the Company's care in the selection of the tea, more than any other circumstance, is to be ascribed its very extensive use by the inhabitants of Great

 Britain

Britain compared with that of other countries. The printed statements shew that the Company's importations have more than kept pace with the demand. It appears that the average amount brought from China in the five years from 1809-10 to 1813-14 was 23,420,105 lbs.; that the average brought in the last five years has been 30,752,364 lbs.; and that a considerable proportion of what the Company have offered for sale has been refused. In the year 1828 no less an amount was rejected than 1,317,920 lbs.: a strong fact this in refutation of the plausible theory, that a free trade with China would lead to a profitable increase in the import of teas from thence.

The Americans, who are equally partial to tea with the English, appear to have brought from China to the United States, upon an average of 1826 and 1827 (the only years given in the American account) 7,987,849 lbs. of tea; which, assuming the population at ten millions, is at the rate of 4-5ths of a pound per head.

The quantity brought to England is at the rate of one pound and a half per head for the whole of the United Kingdom, and of two pounds per head for Great Britain, excluding Ireland. To these facts add the considerations that the American trade with China is a free trade, that the duties upon teas imported into the United States are comparatively small, whilst those on teas imported into Great Britain are one hundred per cent., and some idea may be formed of the extent of delusion into which they fall, who imagine that a free trade with China would create an increased demand for tea.

It is indeed admitted, that the consumption of other articles, particularly coffee, has increased in a much larger ratio than that of tea; but coffee loses in weight in the roasting of it, and is more quickly consumed than tea. One pound of tea will go as far as three

three pounds of unroasted coffee; so that, supposing the community to be equally consumers of tea and of coffee, increase of consumption of these articles consequent on increase of population would be in the same proportion.

But, again, the capacity of producing coffee is unlimited: it grows in a variety of soils and climates. With tea the case is different: it is produced no where but in Chiua, and there only in a particular district. Let it also be remembered, that the duty upon coffee has been materially reduced, and that no reduction has been made in the duty upon tea. The high duty is the true cause why more tea is not consumed.

The continuance of the duties upon tea is a question, the consideration of which belongs to the King's Government rather than the Company, who, so far from being interested in maintaining the present duties, would be materially benefitted by a reduction in their amount.

It will also be for the King's Government and for Parliament to consider, whether an unrestrained intercourse with China might not be attended with the risk of loss to Great Britain of that part of her valuable commerce. This is a national question of serious moment. It seems highly probable that the China trade is indebted for its continuance hitherto, rather to the interested exertions of the Hong than to a sense of its value on the part of the Chinese government. Be this as it may, there can be no doubt that the influence of the Company's servants at Canton has been a main cause of the protection which the local authorities there have given to the trade of foreigners in general. If that influence were to cease, and the Company's establishment were to be broken up, the Hong, who now

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adjust all disputes between the Chinese and foreigners, might be indifferent, or perhaps worse, unless the parties concerned were dealers directly with themselves.

It should always be borne in mind, that the China trade is conducted by a monopoly acting in China as well as by an exclusive Company in England, and that if by destroying the latter we undermine the interests of the former, we may possibly produce a crisis terminating our connexion with that singular nation.

Should it be said that all this contingent evil might be averted by the continuance of the Company, who although ceasing to possess the exclusive privilege might still trade, it may be again remarked (and we cannot too strongly urge the consequence as inevitable), that deprived of the exclusive privilege, the Company must either cease to be concerned in the administration of India, or they must relinquish their trade. If the Company are to compete with the private trader in the China market, it must be exclusively as merchants; and in that case the question before proposed forcibly recurs,—How is India to be administered, and how is Great Britain to obtain the funds required for the political expenditure, and which are now supplied through the Company's commerce?

Schemes will perhaps be suggested for effecting this remittance, by receiving private bills upon England in exchange for cash advanced in India and in China. But if there be any truth in the argument upon which a free trade with China is sought to be obtained, *viz.* the increased export of British manufactures, the proceeds of such exports would be the funds with which the private trader would purchase his tea. Again, what is to be the security to the Government? Are they to have a lien uponthe cargo. If so, how is the

proportion

proportion of risk upon each cargo to be regulated? If by a fixed standard, the Government will always be at the mercy of speculation, which may frequently lead to consignments not saleable when they arrive, and when the Government will want the money. Advances upon the security of cargo may be advantageously made by an individual watching with the vigilance of a self-interested party the state of the markets, and exercising, from the same motive, sound discretion as to the amount of his advance; but the system would be totally inapplicable to the remittance by a Government of three millions annually. The only secure method of remittance through private channels would be for the Government to receive money in England in exchange for bills; but the success of a scheme of this sort would in itself militate against the views of the British manufacturer, whose exports it would check: and it is also worthy of observation, that the Company have made trial of such a scheme and have failed, the offers of cash in exchange for bills having been very limited, and all at rates less favourable than those realized through the Company's trade.

It has, indeed, been said that the Company might effect its remittances in bullion; but as India possesses no mines of gold or silver, she would have no other bullion to furnish than what she might obtain in return for merchandize.

The official accounts shew that during most of the years of the present charter, the Company have effected their remittances in merchandize more profitably than they could have done in bullion; but of late, and at present, the reverse is the case.

If, under these circumstances, the Company were to give up bringing merchandize, and to substitute for it bullion, merchan-

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dize must still be brought in order to get the bullion ;—and who would bring it at a loss ?—The idea of the Company's remitting in bullion to save loss upon merchandize, means nothing more than that the Company should transfer the loss of their remittances to private merchants; and, in order to the success of the scheme, private merchants must be found willing to bear the loss.

Abstractedly, there can be no doubt that any chasm caused by the exportation of bullion from one country to another, is speedily supplied by the ordinary operations of trade ; but considering the question practically as applied to India, is it not obvious that the Government remittances from thence, even though they were effected in bullion or in bills, must sooner or later be provided for by Indian produce, and that the loss upon the produce must, upon an average and in the long-run, fall upon the remitter ?

The financial aid derived by the Indian territory from the trade of the Company has as yet been only glanced at. It shall now be more fully explained.

Previously to the passing of the last Charter Act, the accounts of the Company in their territorial and commercial capacities were so blended together, as to make it impracticable to ascertain with accuracy the financial results of each branch.

This circumstance was pointedly adverted to by the Select Committee of the House of Commons on the Company's affairs in their fourth report, which was ordered to be printed on the 10th April 1812. The Committee observed as follows :

" The House is already apprized, that although the transactions of the
" Treasury at home are in their character principally commercial, they are
" nevertheless closely interwoven with others of a political nature, and that

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" to an extent which renders the difficulty of distinct separation much
" greater than has been experienced in the examination of the accounts
" confined to the affairs of India. The manner in which the books have
" been kept in the latter case enabled your Committee to make some
" distinction; but in the home accounts, the entire receipt and expenditure
" in each year is compressed into one general cash account, in which what
" is political is frequently blended with what is apparently directly
" commercial."

The Committee then exonerated the Court of Directors from all blame for the mode in which the books were kept, and remarked:

" The accounts appear to have been prepared in strict conformity to
" the system under which the Company's affairs have been conducted, of
" combined political and commercial management, the separation of which
" has not been hitherto required."

With a view not only of remedying this defect of system, but also of producing means for the solution of the problem so frequently proposed,—whether the financial effect of the combination of the territory and trade were prejudicial or otherwise to the former,—it was determined that the accounts of the two branches should be kept separate in future; and the Court of Directors were accordingly required, by Act 53d George III. cap. 55, sec. 64, to lay a plan for that purpose before the Board of Commissioners, which, as approved and altered by that Board, was to be carried into effect.

A plan was in consequence established, embracing the various descriptions of receipt and expenditure, classed under the respective heads of *territorial* and *commercial.* This plan, which was laid before Parliament on the 9th May 1816, has been strictly adhered to.

 Previously

Previously to exhibiting the results of the accounts so kept, it will be necessary to offer a brief explanation of two parts of the plan of separation.

The first respects the rate of exchange observed in converting the monies of India into sterling, and may be thus briefly stated:

The territorial branch requires funds in England to disburse for political charges, and the commercial branch requires funds in India to provide investments of goods. The commercial branch, therefore, advances to the territory the monies which it requires in England, and the Act of 53 Geo. III. cap. 155, sect. 56, provides that a sum equal to these advances, after deducting the amount of commercial expenditure in India, shall be annually set apart out of the territorial revenues, for the purpose of investment or remittance at the option of the Court of Directors. The advances in England being made in sterling, and the repayment in India in sicca rupees, a question naturally arose as to the rate of conversion.

It had been the practice to observe the following arbitrary rates of exchange in the accounts rendered to Parliament, *viz.*

2*s.* 3·84 the Sicca Rupee,
2*s.* 3·428 the Madras Rupee, and
2*s.* 3· the Bombay Rupee;

and the Board proposed that similar rates should be observed in the repayment in India of the sums advanced in England.

The Court objected to this, upon the grounds that the rates were altogether erroneous, and that by the observance of them, Parliament would be deceived instead of being informed as to the results of the separation of accounts: and the Court proposed that the rates should, if permanent, be founded on the bullion par; and if fluctuating

tuating, on the exchange of the day; upon the principle that the monies spent at home for the territory were to be regarded as so much remitted to India by the commerce.

The Board, notwithstanding repeated and earnest remonstrance, have refused to depart from their first proposal, and consequently the accounts between the two branches of the Company's affairs have been kept at the old arbitrary rates.

A statement has been prepared, showing the difference which would have been caused by the commercial branch being repaid its advances at the mercantile exchange, instead of at the rates prescribed by the Board.

The difference from 1814-15 to 1828-29 would have been no less than £7,187,178 in favour of the Commercial branch.

The other circumstance upon which some explanation is necessary, is the character of the home bond debt; which in all the accounts is stated "without specific application to either branch "of the Company's affairs, it not being determined to what "extent the debt had its origin from political causes."

The bond debt has been incurred principally, if not altogether, on the political account; because, although bonds were originally issued for commercial purposes, yet all such bonds would have been long since redeemed by commercial profits, if those profits had not been appropriated to the use of the Indian territory. Previously, indeed, to the separation of accounts, it was by some doubted whether commerce was a gaining concern. The actual accounts framed upon the principle of separation have settled that question; and as those accounts show large profits since 1813, it may be inferred that there must have been profits in pre-

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vious years which were applied to the benefit of India, and which, but for that appropriation of them, might have been used in discharging the bond debt. The Select Committee, indeed, in their Fourth Report, admitted that between 1793 and 1810 there had been " a surplus commercial profit of £2,164,533," which at the close of the last charter had probably increased to an amount equal to the whole of the outstanding bond debt.

But further, the Acts of Parliament authorizing the issue of bonds may be confidently referred to, as furnishing grounds for ascribing a political character to the bond debt. Vide especially 51 Geo. III. cap. 641, which distinctly declares the necessity for borrowing money upon bond to have been occasioned by payments in England on the political account.

A further reason why the bond debt should be considered territorial is, that the commercial surplus which, under the Act of 1813, was to be applied, with certain limitations, in liquidation of the territorial debt in India or the bond debt at home, has been much more than sufficient to have discharged all the bond debt, and has been almost wholly appropriated to the discharge of the Indian debt.

In perusing the following summary of the financial results of the two branches of the Company's affairs, the reader will bear in mind what has now been stated upon the subject of rates of exchange and the bond debt, as tending materially to affect those results disadvantageously to the territorial, and advantageously to the commercial branch.

We will first state the general financial results of the Company in their political capacity, from the renewal of their privileges in

1793

1793 to 1827-28, the last year of which the accounts have been received, with an estimate applicable to 1828-29. This will exhibit the situation of the territorial branch.

During the twenty years for which the government of India was by the Act of 1793 continued in the Company, their territorial income was more than doubled. The average annual income in the first three of those years was £7,975,572, and in the last three of those years, £16,838,959.

During the fourteen years of the term granted in 1813, of which the accounts have been received, there has been a considerable further increase of the territorial income, the average of which in the last three years, up to 1827-28, was £22,519,135 per annum.

In viewing the income of the Indian Government, it is important always to remember that the amount is stated in gross, and therefore comprehends all those portions which must be expended in the collection of the revenue, in the manufacture of salt and opium, and in the payment of the numerous stipends under the several treaties and engagements by which the Company possess the territory.

Without attempting accurately to shew the precise amount of the gross revenue thus necessarily appropriated, it may with safety be assumed to have amounted in the three last years to £5,500,000 annually; thus leaving £17,019,135 as the nett revenue which has been applicable to the charges of the civil and military administration of India, and the payment of the interest on the debt.

The territorial charges of India have augmented in a greater ratio than the receipts. Their average annual amount in the first three of the years under the Act of 1793 was £7,627,151 annually.

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In the three years which concluded the term under that Act, the average annual charge was £16,804,987, and in the last three years, up to 1827-28, it has increased to £26,106,126

The proportions of these increases applicable to the civil and military departments respectively, and to the interest of the debt and the expenditure incurred in England, are as follow, *viz.*

	Average of three Years beginning 1794-5.	Average of three Years ended 1813-14.	Increase under last Charter.	Average of three Years ended 1827-28.	Increase during pr. Charter.	Total Increase since beginning of term granted in 1793.
	£.	£.	£.	£.	£.	£.
Civil	2,890,993	6,710,089	3,819,096	10,481,132	3,771,043	7,590,139
Military..............	3,790,276	7,056,824	3,266,548	11,684,217	4,627,393	7,893,941
Interest on debt ...	416,072	1,540,507	1,124,435	1,747,330	206,823	1,331,258
Political charges in England	529,810	1,507,567	977,757	2,103,447	595,880	1,573,637
Total	7,627,151	16814,987	9,187,836	26,016,126	9,201,139	18,388,975

By combining the foregoing statements, it will appear that in the term fixed by the Act of 1793, there was, upon averages of the first three years, a surplus of £348,421 per annum, and of the last three years of that term a surplus of £23,972 per annum; and that in the last three years of which the accounts have been closed, there has been, upon an average, a territorial deficit of £3,496,991 per annum.

It should here, however, be observed, that in the years which exhibit this deficiency the Burmese war operated most seriously on the finances of India, whereas the other periods comprised in the foregoing comparison, *viz.* that at the commencement and that

that at the close of the charter of 1793, were both periods of peace: excepting only the year 1813-14, when the Nepaul war occurred, but which did not produce any important effect on the finances of that year.

It may perhaps be useful to contrast the last three years, which as before stated, shew an annual average deficit of £3,496,991, with three of the years under the Act of 1793, in which the circumstances of India occasioning expense bore some parallel to those which have latterly taken place.

For this purpose, the years 1803-4, 1804-5, and 1805-6 may be properly selected. The first two were years of war; and the latter, although a year of peace, was one in which the financial effects of the war were seriously felt. The average deficit of those years was £2,769,248, which is £727,743 less than the average deficit of the last three years.

The aggregate result of the whole twenty years under the Act of 1793 was a nett deficiency of £23,417,402.*

The aggregate result of the fourteen years under the Act of 1813 has been a nett deficiency of £20,047,478,† which by the addition of interest which the Court claim on the balance annually due from the territorial to the commercial branch, will be encreased to £21,578,696.

It

* Fifteen years of deficit	£25,574,019
Five years of surplus	2,156,617
	£23,417,402

† Eleven years of deficit	£21,754,886
Three years of surplus	1,707,478
	£20,047,478

It is important to remember, that these several sums in sterling are computed at the before-mentioned high rates of exchange. The revenues of India, applicable to the expense of its government, and the amounts in which those revenues have proved deficient, would both appear considerably less in sterling, if the computation were made either at the bullion par or the mercantile exchange.

The registered debt of India has not increased proportionally with the deficiency of revenue. At the commencement of 1793 the debt amounted to £5,570,720, in 1814 to £26,672,578, and in 1828 to £39,519,797: to which must be added the balance due from the territorial to the commercial branch of the Company's affairs, amounting with interest to £4,731,230. This augments the total amount of debt to £44,251,027, being an increase since the Act of 1813 of £17,578,449, which is £4,000,247 less than the territorial deficit in the same period.

This difference is wholly attributable to the effect produced upon the debt of India, by the appropriation towards its liquidation of the surplus of the commercial profits.

The embarrassed state of the finances of India, as exhibited above, has led both the Court of Directors and the Government abroad to adopt vigorous measures for reducing the expenditure.

The estimate for 1828-29 exhibits a territorial deficit of £644,187, which is an amelioration of £2,852,804, as compared with the average result of the preceding three years; of which £834,018 is expected to be produced by augmentation of revenue, and £2,018,786, by reduction of charge.

Supposing the actual accounts of 1828-29 to prove as favourable

as

as the estimate indicates, there will still remain to be accomplished a further improvement of large amount, in order to the finances of India being placed in a wholesome state.

The income in time of peace should certainly exceed the expenditure; and considering how little probability there is that the revenues will, upon an average of future years, be more productive than in the last three years of which these accounts have been closed, it would seem that the charges must be reduced at least £1,500,000 per annum below the amount at which they are stated in the estimate of 1828-29.*

Such being the state and prospects of the territorial branch of the Company's affairs, it will be important to examine more particularly than has yet been done, the nature and extent of the assistance afforded to that branch by the Company's trade.

The account termed "Commercial profits of the Company in England" comprises only the proceeds of sales within each year. The charge of freight, which appears to be as high as sixteen per cent. on the cost of the goods, and the charges of merchandize, which appear to be about five per cent. on the sale amount, are deducted from the prime cost, and the difference constitutes profit or loss.

It is further important to state, that in consequence of the orders of the Board, the sums laid out in India monies in the purchase of goods, are converted into sterling at rates very

 materially

* Estimated deficit of 1828-29	£644,187
Excess of estimated revenue beyond average of last three years, actual	834,018
	£1,478,205

materially exceeding either the intrinsic value or the mercantile exchange.

The result of the account made out upon these principles is, that in the fifteen years from 1814-15 to 1828-29, there has been in the aggregate, including interest on the balance due from the territorial branch, a surplus of £7,279,896, after paying the interest of the bond debt and the dividend to the Proprietors. The surplus has of late materially fallen off. The average of the first five years was £777,441 per annum; of the second five years, £409,090 per annum; of the last five years, £269,477 per annum; and in the concluding year of the latter period the surplus was only £62,895.

Of the before-mentioned amount of aggregate profit £4,923,021 have been applied in discharge of India debt: the remaining amount of £2,022,476 is unappropriated. The whole of it, however, has been advanced by the commerce to the territory in the general account between those branches, the balance of which is stated to amount to £5,017,203, which exceeds the unappropriated surplus of commercial profits. This excess can, of course, be properly accounted for only upon the presumption, that there has been a proportionate reduction of floating capital, independently of the balance of the account between the two branches.

From the results above stated it is obvious, that the Indian territory has derived aid from the Company's trade to the full extent of the surplus profits, *viz.* £7,279,896, exclusive of the farther sum advanced.

It is also clear, that but for the rates of exchange fixed by the Board, and which have operated largely to the benefit of the territory, the

the surplus profits would have been much greater. If the account were made up upon the principles contended for by the Court, the addition to the profits would be seven millions sterling.

Although, prospectively, there is no probability of the Company's being able to afford from their commercial profits aid to the same extent, yet it can scarcely admit of doubt, that by availing themselves of the termination of old contracts, to make fresh engagements of tonnage at lower rates of freight, and observing correct principles in the exchange of the India monies into sterling, the profits would be still so considerable as to allow of some measure of assistance being afforded to the Indian territory.

These profits might be increased by the Company's restricting themselves to the China trade, and totally abandoning the trade with India, upon which there has been a loss in each of the last nine years, amounting in the whole period to £2,182,606; but the objection to such a measure is, that the India trade is a principal channel for the remittance of political funds from India.

The aggregate payments required to be made in England, out of commercial funds, on the Company's own account, political and commercial, exclusive of the cost of merchandize exported, amounts, as per margin,* to about four millions seven hundred

 thousand

* Political, on an average, £3,010,518, which is likely rather to increase than diminish. From which, however, must be deducted receipts on the separate account of the territory, about £300,000 per annum, thus reducing the political charge to £2,710,518

Commercial Charges, exclusive of Cost of Merchandize	£1,200,000	
Dividends	630,000	
		1,830,000
Interest on Bonds..............................		158,000
		£4,758,518

thousand pounds; and that without reference, of course, to tea duties, the account of which is kept distinct both as a receipt and as a disbursement, and therefore does not affect the question of the remittance.

Of the said sum two millions are expended in commercial payments, including freight, commercial charges general, the interest on the bonds, and the dividends to the Proprietors; and the remaining sum of two millions seven hundred and fifty thousand pounds is expended on the political account.

The remittances, taken upon an average of the whole period since 1814, and after deducting cost of commercial exports paid for in England, appear to be effected in the proportion of about three millions from China, and one million seven hundred and fifty thousand pounds from India.

If the Company were to abandon their India trade, there would probably be an abatement of about £300,000 in the commercial payments, and of £1,750,000 in the commercial receipts; which would be limited to those from the China trade, *viz.* £3,000,000. The first charge upon this sum would be the commercial payments, *viz.* £1,700,000, and consequently no more than £1,300,000 would remain for political payments, amounting, as before stated, after deducting territorial receipts, to £2,710,518 per annum.

How to provide for the deficiency is the difficult question to be solved, in any proposal for the Company's abandoning the India trade; whilst the fact, that the China trade itself furnishes means to the Indian territory amounting to nearly £1,000,000, is a strong argument in favour of continuing that trade upon its present footing; it being obvious, that if the Company's trade altogether ceases,

ceases other means of remittance must be provided for the Indian territory, to the extent of nearly three millions annually.

In order to complete the view of the Company's finances, a statement shall now be attempted of their financial situation, considered simply as a commercial corporation.

According to the last account of stock per computation, the balance of commercial assets amounted to £21,731,869, including a sum of £8,142,103 under the head of "territorial branch, for "territorial and political payments in England between 1st May "1814 and 1st May 1828, including interest." A note to the account states: "this balance is subject to reduction by the "amount of the advances made in India to the commercial branch "in 1827-28, estimated at £3,124,900;" but as these advances are for investments, it is clear that their amount can be considered in no other light than as an available asset. The remaining sum of £5,017,203 is the estimated amount of balance, with interest due from the territorial to the commercial branch, of which, however, £2,022,476 is ascertained surplus; which being ultimately appropriable under the Act of the 53d George III. cap. 155, to the discharge of the territorial debt in India, or the bond debt in England, cannot be considered as an asset applicable to the liquidation of commercial obligations, except in so far as that surplus might be applied to the discharge of bond debt.

Deducting, therefore, the said sum of £2,022,476, the commercial assets are reduced to £19,709,393, which may be regarded as the Company's capital.

A very large portion of these assets consists of goods unsold, the value of which would probably be materially affected by throwing

open

open the China trade; and it is important to remark, that in order to ensure to the Public a regular supply of tea, the Company are required by the Act of the 24th George III. cap. 38, sec. 5, always to provide for one year's consumption being in store. Supposing that provision to remain unrepealed until the expiration of the Company's present term, there would at that time be on hand the tea in warehouse, that in transit, and that ordered in China. This consideration presents a cogent reason for the question of the charter being settled at a period sufficiently early to enable the Company to protect themselves from the loss on so heavy a stock.

Prudence suggests that some allowance should be made in such a computation as that now attempted, for depreciation in the value of goods, and for the expenses attending their sale. We will therefore assume an abatement of one million, thus reducing the assets to £18,700,000.

The only other items requiring notice are those of the "East-India house and warehouses," valued at £1,259,000; and "ships, sloops, and vessels," valued at £174,574; making together the sum of £1,433,574. Now although it cannot be doubted that many of the buildings and ships which this item comprehends would produce large rental, yet it may not be prudent to calculate on realizing the full value assumed; and as the Company would necessarily have to provide a considerable sum in fulfilment of outstanding commercial obligations, in the shape of pensions to commercial servants and unexpired contracts, the amount of which cannot be well estimated, it may perhaps be desirable to consider the one as a set-off against the other, and with that view to leave out of the account both the value of house and warehouses and ships as an asset,

and

and the pensions and uncompleted contracts as a debt. In this view, therefore, the commercial assets are reduced to about £17,250,000 sterling: which, there is every reason to believe, would be realized, if due time were given previously to any change of system, and caution and prudence observed in managing the concerns.

The demands upon these assets will now be noticed.

The bond-holders have, it is conceived, the first claim in law. But here the important question arises, which has been explained in a former part of this Paper, whether that claim should not, at least in part, be provided for out of the territorial revenue of India.

For the purpose of pursuing the calculation respecting the commercial debts and assets of the Company, let it be supposed that the bond debt should be equally divided: the commercial branch would then have to pay on that account about £1,900,000. This would reduce the assets to £15,350,000, which would remain as the *bonâ fide* property of the Proprietors, the nominal value of whose stock is six millions sterling. Of this stock, £2,800,000 was, by the authority of Parliament, subscribed at rates considerably exceeding the nominal amount of stock, the last of which rates was £200 money for £100 stock; at which £2,000,000 of money was paid as the equivalent for £1,000,000 of stock.

Combining this fact with the provisions of the 3d George III. cap. 52, sect. 114, and 53 George III. cap. 155, sect. 59, which both recognize twelve millions as the money-value of six millions stock, it may be inferred that £200 per cent. is the lowest value at which Parliament could compute the stock.

The

The practice of Parliament, indeed, as well as some other considerations, would appear to justify the pretensions of the Proprietors to the market value of the stock should it exceed £200 per cent. For example, in 1786, when an increase of the capital stock was authorized, Parliament fixed the rate of subscription at £155 per cent., the market value. In 1789 the same principle was observed, when the rate was fixed at £174 per cent.; and in 1793, when it was increased to £200 per cent.

But may it not also be argued, that the Proprietors are entitled to look to their dividend as the index to the value of their stock? It would take at the least £300 to purchase in Government securities a perpetual annuity of £10. 10*s*; and, in this view, the Proprietors would have to receive in the whole eighteen millions as the consideration for six millions of stock, and the payment of this would require about two and a-half millions sterling more than the before-mentioned amount of commercial assets.

This deficiency might be partly made up by the bond debt being wholly charged to the Indian territory, although it seems certain that the territory would not have the means of providing for such an additional burthen. But from whatsoever source payment should come, the Proprietors would, it is conceived, have a fair and reasonable claim to the amount.

The late Lord Melville, indeed, did not hesitate, as a responsible adviser of the Crown, to assert in Parliament, without qualification, the right of the Proprietors, in the event of their being deprived of their privileges, to compensation, even though their commercial assets should be more than sufficient to repay the subscribed capital.

"But

" But from all I have stated," said that distinguished person, " it must
" occur to the most superficial observer, that not only the original capital
" with this addition, but an immense sum more, would belong to the Pro-
" prietors. I have made no allowance for all the property they would
" have in India, consisting both of quick and dead stock; neither have I
" taken any notice of the interest they have in the territorial revenues.
" Whatever may be the determination respecting those revenues, it is clear
" to every person, that the interest of the Company must be considered
" either by the actual possession of them, or by a just compensation in
" some shape or other, all which must belong to the Proprietors of India
" stock."

Upon another occasion the same eminent individual stated the claims of the Proprietors in the following decided terms:

" If the exclusive charter should expire in 1794, still the Company would
" be a body corporate in perpetuity, and entitled to trade upon a joint stock.
" To whom, in this case, would the most important seats of trade in India
" belong? To the Company undoubtedly. Under their original and perpe-
" tual charter they have legally purchased or acquired Fort St. George, St.
" Helena, Bombay, and Calcutta, and long before they were possessed of
" the Duannee. These possessions are their patrimonial property, and
" cannot be taken from them. Fort St. George was made a settle-
" ment by the old Company in 1620, St. Helena in 1651, Bombay in
" 1668, Calcutta and Fort William in 1689. Upon the whole, exclusive of
" the Duannee, they have an unalienable right to valuable landed posses-
" sions amounting at least to £250,000 per annum. In addition to these the
" whole factories and commercial establishments, both in India and the
" eastern seas, undoubtedly belong to them."

Another substantial ground upon which the Proprietors would be entitled to look for compensation beyond the amount of their own

commercial assets is, that at least one-sixth of their capital was subscribed to meet a deficiency consequent on the payments which were made out of the commercial funds in the year 1789, in discharge of bills drawn from India on account of the expenses of war, and in transfer of territorial debts.*

The risks which the Company ran in their early undertakings, the limitations imposed by Parliament upon their individual participation in the profits of their trade, and the objects to which the surplus profits have from time to time been applied, might be fairly urged in support of such a claim, which would be the more entitled to consideration if the Company were required to relinquish their trade altogether.

For although the exclusive privilege of the China trade should be discontinued, the Company's right to trade is, as before observed, perpetual; and it may be presumed that, for some years at least, with good management upon mercantile principles, the Company might exercise that right with much greater proportionate benefit than the private merchant, whose operations the Company could control, check, and impede, by continuing dealings upon a scale and with a capital such as wholly to baffle the calculations of an individual. As was observed by Mr. Dundas (the late Lord Melville), in his speech in the House of Commons on the 13th of July 1789 :

" Although the Company were not to be favoured with a renewal of their
" charter, and although it were to be deprived of all interest in the terri-
" torial revenues posterior to that period, still they must remain an incor-
" porated

* Vide proceedings of the House of Commons on a bill to authorize an increase of the Company's capital, July 1789.

" porated Company, against whom no exclusive rights can be granted, and
" of course have it in their power to continue a great commercial Com-
" pany, possessing advantages by their long establishment which no new
" adventurers could hope for a long time to enjoy."

This latter consideration would probably lead to a proposal for the surrender of the Company's charter; but such a concession could not be expected, except upon the footing of indemnification.